

BEFORE THE PUBLIC SERVICE COMMISSION OF SOUTH CAROLINA

DOCKET NO.: _____

**APPLICATION OF HAIG POINT UTILITY COMPANY, INC.
FOR APPROVAL OF AN ADJUSTMENT IN RATES AND CHARGES
FOR WATER AND SEWER SERVICES**

In accordance with S.C. Code § § 58-5-210 et seq., R 103-514.4, 103-712.4, and R 103-834, the Applicant, Haig Point Utility Company, Inc., request adjustments of its rates and charges for water and sewer services, and submits the following information and Exhibits in support of its Application.

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OVERVIEW AND JUSTIFICATION

The Haig Point Utility Company, Inc. ("Utility") was established to provide water and sewer service to the 1,050 acre planned development known as Haig Point, located on Daufuskie Island in Beaufort County, South Carolina.

This application for approval of new rates and charges is based on the historical test year ended June 30, 2004. The test period is representative of the Utility's normal operations which have produced little, if any, historical annual income. The pro forma rate period is based on a complete system analysis, when all potential customers will be served and the system has reached full system build-out. The proposed complete system includes the Utility's current service territory of 735 residential and 25 commercial connections, as well as the anticipated expansion to serve 18 residential sites in the proposed Cedar Cove development. The method of developing pro forma rates based on the complete system ensures that the risk for the success or failure of the planned development will be borne by the real estate developer, not the utility customers.

This application is necessary because the current rates do not enable the Utility to cover its cost of providing service and earn a fair return on its investment. The Utility has not applied for rate relief in 17 years, since its initial rate filing approved in 1988. The test year revenues, under current rates, produced net operating income of \$2,052 for water operations or a .08% return on investment. The sewer operations experienced a net operating loss of \$48,157 or a negative 2.0% return on investment. The proposed rates developed in this application are essential for Haig Point Utility Company to continue to provide its customers with adequate water and wastewater service.

The use of a complete system analysis to develop the proposed rates mitigates the rate impact on the current customers. The current customers would pay only their proportionate share of the complete system revenue requirement. The application shows that the proposed rates applied to the June 30, 2004 billing analysis would produce only a 1.71% return on the Utility's investment in the water system and a 4.38% return on the investment in the sewer system.

The proposed rate design would eliminate the current water and sewer usage allowance of 22,500 gallons per quarter and apply the consumptive (volumetric) rates to all water and sewer usage. The proposed irrigation rates contain a three-tiered inclining rate structure which charges customers higher rates for greater usage. Both of these revisions are proposed in order to promote the conservation of water resources.

Haig Point Utility, Inc.

Statement of Proposed Rates

		Present Rates	Proposed Rates
I. Residential Rates			
A. Water:			
1)	Tapping Fees & 3/4" Meter Box	\$500.00	\$500.00
2)	Base Quarterly Charge	\$45.00	\$45.00
3)	Consumption Charge (per 1,000 gallons)		
	0 to 22,500 gallons per quarter	\$0.00	\$2.00
	Over 22,500 gallons	\$1.20	\$2.00
B. Sewer:			
1)	Tapping Fees & Service Lateral	\$500.00	\$500.00
2)	Base Quarterly Charge	\$45.00	\$145.03
3)	Volumetric Charge (per 1,000 gallons)		
	0 to 22,500 gallons per quarter	\$0.00	\$1.30
	Over 22,500 gallons	\$0.96	\$1.30
C. Irrigation:			
1)	Tapping Fees & 3/4" Meter Box	\$500.00	\$500.00
2)	Consumption Charge (per 1,000 gallons)		
	0 to 18,000 gallons per quarter	\$1.20	\$2.00
	18,001 to 60,000 gallons	\$1.20	\$2.25
	Over 60,000 gallons	\$1.20	\$2.55
II. Commercial Rates			
A. Water:			
1)	Tapping Fees per Hotel or Inn Room	\$250.00	\$250.00
2)	Tapping Fees up to 1-1/2" Meter	\$500.00	\$500.00
3)	Tapping Fees 2" or 3" Meter	\$1,500.00	\$1,500.00
4)	Tapping Fees for 6" Meter	\$3,500.00	\$3,500.00
	Note: Larger meters on a case by case basis.		
5)	Base Quarterly Charge	\$63.00	\$63.00
6)	Consumption Charge (per 1,000 gallons)		
	0 to 22,500 gallons per quarter	\$0.00	\$2.00
	Over 22,500 gallons	\$1.20	\$2.00
B. Sewer:			
1)	Tapping Fees per Hotel or Inn Room	\$250.00	\$250.00
2)	Tapping Fees 4" - 8" Sewer Pipe	\$500.00	\$500.00
2)	Base Quarterly Charge	\$63.00	\$203.04
3)	Volumetric Charge (per 1,000 gallons)		
	0 to 22,500 gallons per quarter	\$0.00	\$1.30
	Over 22,500 gallons	\$0.96	\$1.30
C. Irrigation:			
1)	Tapping Fees & 3/4" Meter Box	\$500.00	\$500.00
2)	Consumption Charge (per 1,000 gallons)		
	0 to 18,000 gallons per quarter	\$1.20	\$2.00
	18,001 to 60,000 gallons	\$1.20	\$2.25
	Over 60,000 gallons	\$1.20	\$2.55
III. Special Conditions			
A. Tapping Fees:			
	Remain as in original tariff.		
B. Backflow Prevention:			
	Remain as in original tariff.		
C. System Development Charge:			
	Remain as in original tariff.		

Send Payment to:

Haig Point Utility Co.
P.O. Box 751843
Charlotte, NC 28275-1843

Bill Date: 9/30/2004
Late Date: 10/31/2004

Office: 201-307-4724

Previous Balance: 0.00

Account # [REDACTED]

Current Balance: 123.60

Loc. ID: 0438

After 10/30/2004 Pay 123.60

Frank Strong
124 E. 3rd St.
Maryville, MO 64468

Svc: 01/01 - 09/30

Please detach this portion and return with your remittance

Location	Charge Description	Multiplier	Previous	Present	Used	Charge
0438	Water-Residential	1	479230	494860	15630	45.00
0438	Irrigation Usage	1	1694570	1722930	28360	33.60
0438	Sewer-Residential					45.00

Total New Charges: 123.60

*For questions regarding billing, call 201-307-4724.

*For emergencies regarding your utilities, call 843-686-9294.

*Charges are based on rate schedule filed and approved by the Public Service Commission and available for your inspection upon request.

INSURANCE CERTIFICATE

PERFORMANCE BOND

Bond No. [REDACTED]

KNOW ALL MEN BY THESE PRESENTS, that Haig Point Utility Company, Inc., being duly qualified to do business in the State of South Carolina, designated as "principal", and that Travelers Casualty and Surety Company of America, designated as "surety", are held and firmly bound unto the Public Service Commission of South Carolina, designated as "obligee", in the penal sum of Twenty thousand and no/100 (\$20,000) Dollars, for the payment of which well and truly to be made, the principal binds itself, its successors and assigns, jointly and severally, firmly by these presents.

WHEREAS, in accordance with the provisions of S.C. Code Ann. 58-5-720 (1976), which requires the principal to furnish a bond with sufficient surety, to the satisfaction of the obligee, conditioned as provided in said 58-5-720, and

WHEREAS, the principal is seeking a certificate of public convenience and necessity and approval of a schedule of rates for water and/or sewer service in areas shown on operating area maps filed with the obligee, and

WHEREAS, this bond, when approved by the obligee, conditioned as in said 58-5-720, is to cover any and all liability, which may arise as a result of the principal failing to provide adequate and sufficient service within its service area as prescribed in 58-5-720, and

WHEREAS, the obligee, upon notice and hearing, shall have the right to declare all or any part of the bond forfeited upon a determination by the obligee that the principal shall have willfully failed to provide such service as prescribed above, without just cause or excuse, and that such failure has continued for an unreasonable length of time, and

*Haig Point Utility Company, Inc. a wholly owned subsidiary of International Paper Company

WHEREAS, the liability under the terms of this bond is hereby extended so as to include any fines or penalties imposed or assessed by the obligee against the principal under the provisions of S.C. Code Ann., 58-5-710 (1976), and

WHEREAS, in the event that any judicial action or proceedings are initiated with respect to this bond, the parties hereby agree that the venue thereof shall be Richland County, State of South Carolina, and

WHEREAS, the bond shall become effective on the date executed by the principal and surety, and shall continue from year to year unless the obligations of the principal and surety under this bond are expressly released by the obligee in writing, and

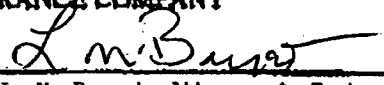
WHEREAS, the obligee upon notice and opportunity to the principal and surety to be heard, may order that the face amount of this bond to be changed within the limits set forth in S.C. Code Ann., 58-5-720 (1976).

NOW, THEREFORE, in testimony whereof, said principal has heretofore subscribed its name and said principal has caused this instrument to be signed by its duly authorized officers, and its corporate seal to be heretofore affixed, this 9th day of June, 2004.

Haig Point Utility Company, Inc.
COMPANY

BY 

Travelers Casualty and Surety Company of America
INSURANCE COMPANY


BY L. M. Bryant, Attorney-in-Fact

IN PRESENCE OF:

Mary Katherine

ACKNOWLEDGEMENT OF SURETY

TENNESSEE
STATE OF ~~SOUTH CAROLINA~~

COUNTY OF SHELBY

On June 9, 2004 L.M. Bryant came

before me personally, and to me known, and who being by me duly sworn, did depose and state: That he is the Attorney in-fact of Travelers Casualty and Surety Company of America, the Corporation which executed the foregoing instrument, that he knows the seal of said Corporation, that the seal affixed to the said instrument is such Corporate seal; that it was so affixed by the order of the Board of Directors of said Corporation, and that he/she signed his/her name to said instrument by like order.

Sworn to before me this

9th day of June, 2004
Ellen B. Rittenberg (L.S.)
Notary Public Ellen B. Rittenberg

My Commission Expires:

May 17, 2005

(Affix seal if not South Carolina Notary Public)

TRAVELERS CASUALTY AND SURETY COMPANY OF AMERICA
TRAVELERS CASUALTY AND SURETY COMPANY
FARMINGTON CASUALTY COMPANY
Hartford, Connecticut 06183-9062

POWER OF ATTORNEY AND CERTIFICATE OF AUTHORITY OF ATTORNEY(S)-IN-FACT

KNOW ALL PERSONS BY THESE PRESENTS, THAT TRAVELERS CASUALTY AND SURETY COMPANY OF AMERICA, TRAVELERS CASUALTY AND SURETY COMPANY and FARMINGTON CASUALTY COMPANY, corporations duly organized under the laws of the State of Connecticut, and having their principal offices in the City of Hartford, County of Hartford, State of Connecticut, (hereinafter the "Companies") hath made, constituted and appointed, and do by these presents make, constitute and appoint: James S. Dickey, L.M. Bryant, Teresa M. Sheppard, W. Joseph Lammel, of Memphis, Tennessee, their true and lawful Attorney(s)-in-Fact, with full power and authority hereby conferred to sign, execute and acknowledge, at any place within the United States, the following instrument(s): by his/her sole signature and act, any and all bonds, recognizances, contracts of indemnity, and other writings obligatory in the nature of a bond, recognizance, or conditional undertaking and any and all consents incident thereto and to bind the Companies, thereby as fully and to the same extent as if the same were signed by the duly authorized officers of the Companies, and all the acts of said Attorney(s)-in-Fact, pursuant to the authority herein given, are hereby ratified and confirmed.

This appointment is made under and by authority of the following Standing Resolutions of said Companies, which Resolutions are now in full force and effect:

VOTED: That the Chairman, the President, any Vice Chairman, any Executive Vice President, any Senior Vice President, any Vice President, any Second Vice President, the Treasurer, any Assistant Treasurer, the Corporate Secretary or any Assistant Secretary may appoint Attorneys-in-Fact and Agents to act for and on behalf of the company and may give such appointee such authority as his or her certificate of authority may prescribe to sign with the Company's name and seal with the Company's seal bonds, recognizances, contracts of indemnity, and other writings obligatory in the nature of a bond, recognizance, or conditional undertaking, and any of said officers or the Board of Directors at any time may remove any such appointee and revoke the power given him or her.

VOTED: That the Chairman, the President, any Vice Chairman, any Executive Vice President, any Senior Vice President or any Vice President may delegate all or any part of the foregoing authority to one or more officers or employees of this Company, provided that each such delegation is in writing and a copy thereof is filed in the office of the Secretary.

VOTED: That any bond, recognizance, contract of indemnity, or writing obligatory in the nature of a bond, recognizance, or conditional undertaking shall be valid and binding upon the Company when (a) signed by the President, any Vice Chairman, any Executive Vice President, any Senior Vice President or any Vice President, any Second Vice President, the Treasurer, any Assistant Treasurer, the Corporate Secretary or any Assistant Secretary and duly attested and sealed with the Company's seal by a Secretary or Assistant Secretary, or (b) duly executed (under seal, if required) by one or more Attorneys-in-Fact and Agents pursuant to the power prescribed in his or her certificate or their certificates of authority or by one or more Company officers pursuant to a written delegation of authority.

This Power of Attorney and Certificate of Authority is signed and sealed by facsimile (mechanical or printed) under and by authority of the following Standing Resolution voted by the Boards of Directors of TRAVELERS CASUALTY AND SURETY COMPANY OF AMERICA, TRAVELERS CASUALTY AND SURETY COMPANY and FARMINGTON CASUALTY COMPANY, which Resolution is now in full force and effect:

VOTED: That the signature of each of the following officers: President, any Executive Vice President, any Senior Vice President, any Vice President, any Assistant Vice President, any Secretary, any Assistant Secretary, and the seal of the Company may be affixed by facsimile to any power of attorney or to any certificate relating thereto appointing Resident Vice Presidents, Resident Assistant Secretaries or Attorneys-in-Fact for purposes only of executing and attesting bonds and undertakings and other writings obligatory in the nature thereof, and any such power of attorney or certificate bearing such facsimile signature or facsimile seal shall be valid and binding upon the Company and any such power so executed and certified by such facsimile signature and facsimile seal shall be valid and binding upon the Company in the future with respect to any bond or undertaking to which it is attached.

IN WITNESS WHEREOF, TRAVELERS CASUALTY AND SURETY COMPANY OF AMERICA, TRAVELERS CASUALTY AND SURETY COMPANY and FARMINGTON CASUALTY COMPANY have caused this instrument to be signed by their Senior Vice President and their corporate seals to be hereto affixed this 8th day of February 2003.

STATE OF CONNECTICUT

}SS. Hartford

COUNTY OF HARTFORD

TRAVELERS CASUALTY AND SURETY COMPANY OF AMERICA
TRAVELERS CASUALTY AND SURETY COMPANY
FARMINGTON CASUALTY COMPANY



By

George W. Thompson
Senior Vice President

On this 8th day of February, 2003 before me personally came GEORGE W. THOMPSON to me known, who, being by me duly sworn, did depose and say: that he/she is Senior Vice President of TRAVELERS CASUALTY AND SURETY COMPANY OF AMERICA, TRAVELERS CASUALTY AND SURETY COMPANY and FARMINGTON CASUALTY COMPANY, the corporations described in and which executed the above instrument; that he/she knows the seals of said corporations; that the seals affixed to the said instrument are such corporate seals; and that he/she executed the said instrument on behalf of the corporations by authority of his/her office under the Standing Resolutions thereof.



Marie C Tetreault

My commission expires June 30, 2006 Notary Public
Marie C. Tetreault

CERTIFICATE

I, the undersigned, Assistant Secretary of TRAVELERS CASUALTY AND SURETY COMPANY OF AMERICA, TRAVELERS CASUALTY AND SURETY COMPANY and FARMINGTON CASUALTY COMPANY, stock corporations of the State of Connecticut, DO HEREBY CERTIFY that the foregoing and attached Power of Attorney and Certificate of Authority remains in full force and has not been revoked; and furthermore, that the Standing Resolutions of the Boards of Directors, as set forth in the Certificate of Authority, are now in force.

Signed and Sealed at the Home Office of the Company, in the City of Hartford, State of Connecticut. Dated this 9th day of

June, 2004.



By

Kori M. Johanson
Assistant Secretary, Bond



IMPORTANT DISCLOSURE NOTICE OF TERRORISM INSURANCE COVERAGE

On November 26, 2002, President Bush signed into law the Terrorism Risk Insurance Act of 2002 (the "Act"). The Act establishes a short-term program under which the Federal Government will share in the payment of covered losses caused by certain acts of international terrorism. We are providing you with this notice to inform you of the key features of the Act, and to let you know what effect, if any, the Act will have on your premium.

Under the Act, insurers are required to provide coverage for certain losses caused by international acts of terrorism as defined in the Act. The Act further provides that the Federal Government will pay a share of such losses. Specifically, the Federal Government will pay 90% of the amount of covered losses caused by certain acts of terrorism which is in excess of Travelers' statutorily established deductible for that year. The Act also caps the amount of terrorism-related losses for which the Federal Government or an insurer can be responsible at \$100,000,000.00, provided that the insurer has met its deductible.

Please note that passage of the Act does not result in any change in coverage under the attached policy or bond (or the policy or bond being quoted). Please also note that no separate additional premium charge has been made for the terrorism coverage required by the Act. The premium charge that is allocable to such coverage is inseparable from and imbedded in your overall premium, and is no more than one percent of your premium.

INSURANCE CERTIFICATE

PERFORMANCE BOND

Bond No. [REDACTED]

KNOW ALL MEN BY THESE PRESENTS, that Haig Point Utility Company, Inc., being duly qualified to do business in the State of South Carolina, designated as "principal", and that Travelers Casualty and Surety Company of America designated as "surety", are held and firmly bound unto the Public Service Commission of South Carolina, designated as "obligee", in the penal sum of ^{Twenty thousand} ~~and no/100(\$20,000)~~ Dollars, for the payment of which well and truly to be made, the principal binds itself, its successors and assigns, jointly and severally, firmly by these presents.

WHEREAS, in accordance with the provisions of S.C. Code Ann. 58-5-720 (1976), which requires the principal to furnish a bond with sufficient surety, to the satisfaction of the obligee, conditioned as provided in said 58-5-720, and

WHEREAS, the principal is seeking a certificate of public convenience and necessity and approval of a schedule of rates for water and/or sewer service in areas shown on operating area maps filed with the obligee, and

WHEREAS, this bond, when approved by the obligee, conditioned as in said 58-5-720, is to cover any and all liability, which may arise as a result of the principal failing to provide adequate and sufficient service within its service area as prescribed in 58-5-720, and

WHEREAS, the obligee, upon notice and hearing, shall have the right to declare all or any part of the bond forfeited upon a determination by the obligee that the principal shall have willfully failed to provide such service as prescribed above, without just cause or excuse, and that such failure has continued for an unreasonable length of time, and

*Haig Point Utility Company, Inc. a wholly owned subsidiary of International Paper Company

WHEREAS, the liability under the terms of this bond is hereby extended so as to include any fines or penalties imposed or assessed by the obligee against the principal under the provisions of S.C. Code Ann., 58-5-710 (1976), and

WHEREAS, in the event that any judicial action or proceedings are initiated with respect to this bond, the parties hereby agree that the venue thereof shall be Richland County, State of South Carolina, and

WHEREAS, the bond shall become effective on the date executed by the principal and surety, and shall continue from year to year unless the obligations of the principal and surety under this bond are expressly released by the obligee in writing, and

WHEREAS, the obligee upon notice and opportunity to the principal and surety to be heard, may order that the face amount of this bond to be changed within the limits set forth in S.C. Code Ann., 58-5-720 (1976).


NOW, THEREFORE, in testimony whereof, said principal has hereunto subscribed its name and said principal has caused this instrument to be signed by its duly authorized officers, and its corporate seal to be hereunto affixed, this 9th day of June, 2004.

Haig Point Utility Company, Inc.

COMPANY

BY 

Travelers Casualty and Surety Company of America
INSURANCE COMPANY

BY  L. M. Bryant, Attorney-in-Fact

IN PRESENCE OF:

Mary Katherine Smith

ACKNOWLEDGEMENT OF SURETY

TENNESSEE
STATE OF ~~SOUTH~~ CAROLINA

COUNTY OF SHELBY

On June 9, 2004 L.M. Bryant came

before me personally, and to me known, and who being by me duly sworn, did depose and state: That he is the ^{Attorney} ~~in-Fact~~ of ^{Travelers Casualty and Surety Company} ~~of America~~, the Corporation which executed the foregoing instrument, that he knows the seal of said Corporation, that the seal affixed to the said instrument is such Corporate seal; that it was so affixed by the order of the Board of Directors of said Corporation, and that he/she signed his/her name to said instrument by like order.

Sworn to before me this

9th day of June, 2004

Ellen B. Rittenberg (L.S.)
Notary Public Ellen B. Rittenberg

My Commission Expires:

May 17, 2005

(Affix seal if not South Carolina Notary Public)

TRAVELERS CASUALTY AND SURETY COMPANY OF AMERICA
TRAVELERS CASUALTY AND SURETY COMPANY
FARMINGTON CASUALTY COMPANY
Hartford, Connecticut 06183-9062

POWER OF ATTORNEY AND CERTIFICATE OF AUTHORITY OF ATTORNEY(S)-IN-FACT

KNOW ALL PERSONS BY THESE PRESENTS, THAT TRAVELERS CASUALTY AND SURETY COMPANY OF AMERICA, TRAVELERS CASUALTY AND SURETY COMPANY and FARMINGTON CASUALTY COMPANY, corporations duly organized under the laws of the State of Connecticut, and having their principal offices in the City of Hartford, County of Hartford, State of Connecticut, (hereinafter the "Companies") hath made, constituted and appointed, and do by these presents make, constitute and appoint: James S. Dickey, L.M. Bryant, Teresa M. Sheppard, W. Joseph Lammel, of Memphis, Tennessee, their true and lawful Attorney(s)-in-Fact, with full power and authority hereby conferred to sign, execute and acknowledge, at any place within the United States, the following instrument(s): by his/her sole signature and act, any and all bonds, recognizances, contracts of indemnity, and other writings obligatory in the nature of a bond, recognizance, or conditional undertaking and any and all consents incident thereto and to bind the Companies, thereby as fully and to the same extent as if the same were signed by the duly authorized officers of the Companies, and all the acts of said Attorney(s)-in-Fact, pursuant to the authority herein given, are hereby ratified and confirmed.

This appointment is made under and by authority of the following Standing Resolutions of said Companies, which Resolutions are now in full force and effect:

VOTED: That the Chairman, the President, any Vice Chairman, any Executive Vice President, any Senior Vice President, any Vice President, any Second Vice President, the Treasurer, any Assistant Treasurer, the Corporate Secretary or any Assistant Secretary may appoint Attorneys-in-Fact and Agents to act for and on behalf of the company and may give such appointee such authority as his or her certificate of authority may prescribe to sign with the Company's name and seal with the Company's seal bonds, recognizances, contracts of indemnity, and other writings obligatory in the nature of a bond, recognizance, or conditional undertaking, and any of said officers or the Board of Directors at any time may remove any such appointee and revoke the power given him or her.

VOTED: That the Chairman, the President, any Vice Chairman, any Executive Vice President, any Senior Vice President or any Vice President may delegate all or any part of the foregoing authority to one or more officers or employees of this Company, provided that each such delegation is in writing and a copy thereof is filed in the office of the Secretary.

VOTED: That any bond, recognizance, contract of indemnity, or writing obligatory in the nature of a bond, recognizance, or conditional undertaking shall be valid and binding upon the Company when (a) signed by the President, any Vice Chairman, any Executive Vice President, any Senior Vice President or any Vice President, any Second Vice President, the Treasurer, any Assistant Treasurer, the Corporate Secretary or any Assistant Secretary and duly attested and sealed with the Company's seal by a Secretary or Assistant Secretary, or (b) duly executed (under seal, if required) by one or more Attorneys-in-Fact and Agents pursuant to the power prescribed in his or her certificate or their certificates of authority or by one or more Company officers pursuant to a written delegation of authority.

This Power of Attorney and Certificate of Authority is signed and sealed by facsimile (mechanical or printed) under and by authority of the following Standing Resolution voted by the Boards of Directors of TRAVELERS CASUALTY AND SURETY COMPANY OF AMERICA, TRAVELERS CASUALTY AND SURETY COMPANY and FARMINGTON CASUALTY COMPANY, which Resolution is now in full force and effect:

VOTED: That the signature of each of the following officers: President, any Executive Vice President, any Senior Vice President, any Vice President, any Assistant Vice President, any Secretary, any Assistant Secretary, and the seal of the Company may be affixed by facsimile to any power of attorney or to any certificate relating thereto appointing Resident Vice Presidents, Resident Assistant Secretaries or Attorneys-in-Fact for purposes only of executing and attesting bonds and undertakings and other writings obligatory in the nature thereof, and any such power of attorney or certificate bearing such facsimile signature or facsimile seal shall be valid and binding upon the Company and any such power so executed and certified by such facsimile signature and facsimile seal shall be valid and binding upon the Company in the future with respect to any bond or undertaking to which it is attached.

IN WITNESS WHEREOF, TRAVELERS CASUALTY AND SURETY COMPANY OF AMERICA, TRAVELERS CASUALTY AND SURETY COMPANY and FARMINGTON CASUALTY COMPANY have caused this instrument to be signed by their Senior Vice President and their corporate seals to be hereto affixed this 8th day of February 2003.

STATE OF CONNECTICUT

}SS. Hartford

COUNTY OF HARTFORD



TRAVELERS CASUALTY AND SURETY COMPANY OF AMERICA
TRAVELERS CASUALTY AND SURETY COMPANY
FARMINGTON CASUALTY COMPANY

By

George W. Thompson
Senior Vice President

On this 8th day of February, 2003 before me personally came GEORGE W. THOMPSON to me known, who, being by me duly sworn, did depose and say: that he/she is Senior Vice President of TRAVELERS CASUALTY AND SURETY COMPANY OF AMERICA, TRAVELERS CASUALTY AND SURETY COMPANY and FARMINGTON CASUALTY COMPANY, the corporations described in and which executed the above instrument; that he/she knows the seals of said corporations; that the seals affixed to the said instrument are such corporate seals; and that he/she executed the said instrument on behalf of the corporations by authority of his/her office under the Standing Resolutions thereof.



My commission expires June 30, 2006 Notary Public
Marie C. Tetreault

CERTIFICATE

I, the undersigned, Assistant Secretary of TRAVELERS CASUALTY AND SURETY COMPANY OF AMERICA, TRAVELERS CASUALTY AND SURETY COMPANY and FARMINGTON CASUALTY COMPANY, stock corporations of the State of Connecticut, DO HEREBY CERTIFY that the foregoing and attached Power of Attorney and Certificate of Authority remains in full force and has not been revoked; and furthermore, that the Standing Resolutions of the Boards of Directors, as set forth in the Certificate of Authority, are now in force.

Signed and Sealed at the Home Office of the Company, in the City of Hartford, State of Connecticut. Dated this 9th day of

June, 2004



By

Kori M. Johanson
Assistant Secretary, Bond



IMPORTANT DISCLOSURE NOTICE OF TERRORISM INSURANCE COVERAGE

On November 26, 2002, President Bush signed into law the Terrorism Risk Insurance Act of 2002 (the "Act"). The Act establishes a short-term program under which the Federal Government will share in the payment of covered losses caused by certain acts of international terrorism. We are providing you with this notice to inform you of the key features of the Act, and to let you know what effect, if any, the Act will have on your premium.

Under the Act, insurers are required to provide coverage for certain losses caused by international acts of terrorism as defined in the Act. The Act further provides that the Federal Government will pay a share of such losses. Specifically, the Federal Government will pay 90% of the amount of covered losses caused by certain acts of terrorism which is in excess of Travelers' statutorily established deductible for that year. The Act also caps the amount of terrorism-related losses for which the Federal Government or an insurer can be responsible at \$100,000,000,000.00, provided that the insurer has met its deductible.

Please note that passage of the Act does not result in any change in coverage under the attached policy or bond (or the policy or bond being quoted). Please also note that no separate additional premium charge has been made for the terrorism coverage required by the Act. The premium charge that is allocable to such coverage is inseparable from and imbedded in your overall premium, and is no more than one percent of your premium.

Carol E. Brown



FedEx
<donotreply@fedex.com>
m>

06/14/2004 10:58 AM
Please respond to
FedEx

To: carol.brown@ipaper.com
cc:
Subject: FedEx shipment 792019932568

Our records indicate that the shipment sent from CAROL E BROWN/INTERNATIONAL PAPER to William O. Richardson/Public Service Com has been delivered. The package was delivered on 06/14/2004 at 9:15 AM and signed for or released by R.GRANT.

The ship date of the shipment was 06/11/2004.

The tracking number of this shipment was 792019932568.

FedEx appreciates your business. For more information about FedEx services, please visit our web site at <http://www.fedex.com>

To track the status of this shipment online please use the following:
http://www.fedex.com/cgi-bin/tracking?tracknumbers=792019932568&action=track&language=english&cntry_code=us

Disclaimer

FedEx has not validated the authenticity of any email address.

HAIG POINT UTILITY CO
WATER SYSTEM
DHEC SYSTEM NO. 0750036

On November 30, 2004, personnel from the South Carolina Department of Health and Environmental Control (SCDHEC) conducted a sanitary survey of the Haig Point Utility Company drinking water system. The inspector Bob Latimer, met with Eric Johanson (Operator), to explain the objectives and procedures of the inspection. The cooperation, information and assistance that staff members provided is appreciated. The Haig Point system consists of two wells, two turbine pumps (500) g.p.m. each, two pneumatic storage tanks (10,000 gallons total capacity), with distribution system. Currently the system serves (198) residential and (25) commercial taps. In addition there are 135 irrigation taps. Total taps are 358, which is in excess of the allowed 300 taps. Using the Beaufort County census number of (2.51) persons per residence and (198) residential taps, the resulting population is (497) persons. Both wells are equipped with auxiliary power units. The auxiliary power units are exercised weekly. The system water is treated with chlorine gas. The system currently has an outside certified laboratory collecting the bacteriological samples and running the total residual chlorine analysis on site.

The Haig Point/Melrose Service Districts must comply with the requirements of Consent Order #90-26-DWP. At this time, they appear to be in compliance with the Order.

Your system has been given an "Needs Improvement" evaluation. The following items must be addressed.

1.) Storage Capacity

Using the reported maximum day demand, a fire flow of (500) g.p.m. and auxiliary power, the Haig Point system must have both wells operating in order to satisfy the fire flow demand. The Haig Point system does not, at present, have the required storage capacity. However under the above consent order the facility is currently constructing a 125,000 gallon elevated storage tank with an additional associated well. All of the footings for the elevated storage tank are in place and it was reported almost all of the tank parts are on the Island. A file review of this project revealed that there is an insufficient amount of grout around the new well-this must be resolved prior to obtaining a Permit to Place in Operation. When this project is completed the facility will be in compliance.

Haig Point Utilities must have this project completed by June 1, 2005.

2.) Under the Direct Influence of Surface Water

The wells in your system are not considered to be under the direct influence of surface water, based on current information. However, changing circumstances may change the results of future evaluations.

3.) Other

In accordance with the State Primary Drinking Water Regulations, R.61- 58.6 D, you must retain a copy of the sanitary survey report for a period not less than ten (10) years and make it available for inspection by the Department and the public upon request.

SCDHEC

Public Water System Inventory Report Form

Bureau of Water

System Name: HAIG POINT UTILITY CO

System Number: 0750036

Fax Number: NONE

(A)dd, (M)odify, (R)enum, (D)elete: ☒ M

Reason: SS

Today's Date: 11/30/03

Mailing Address:

ERIC JOHANSSON

PO BOX 23527

HILTON HEAD ISLAND, SC 29925

Telephone: (843)686-9208

Geographical/Contact Address (if different):

INTERNATIONAL PAPER CO

PO DRAWER 7319

HILTON HEAD ISL, SC

Emergency Telephone: (843)686-9208

Contact Telephone: NONE

System Characteristics

System Type: C

Inact Code:

Service Area: R1

Season On (mo/day): 01/01

Subtype:

Inact Date (mo/yr):

Counties Served:

Season Off (mo/day): 12/31

Owner Type: PRIV

Begin Date (mo/yr): 03/1987

07

Statistical Information

Source Use Information:

Percent Surface Water: 0

Percent Ground Water: 100

Percent Purchased Surface Water: 0

Percent Purchased Ground Water: 0

Total must equal 100%

Number of Surface Water Sources: 0

Number of Ground Water Sources: 2

Purchased Surface Water Sources: 0

Number of Permanent SW Sources: 0

Number of Emergency SW Sources: 0

Number of Permanent GW Sources: 2

Number of Emergency GW Sources: 0

Service Population:

Population: 497

Secondary Population: 0

Number of Service Connections:

Residential: 333

Non Residential: 25

Maximum Allowable: 300

Permitted: 0

Total: 358

Production (MGD):

Average: 0.1848

Maximum Day: .327

Capacity:

Total: .96

Emergency: 0.9600

Storage:

Elevated (MG): 0.000

Ground (MG): 0.000

Pressure (TG): 10.000

Comments

Signature: 

SCDHEC

Public Water System Source/Plant Inventory Report

Bureau of Water

System Name: HAIG POINT UTILITY CO

System Number: 0750036

Source ID: G07191

(A)dd, (M)odify, (R)enum, (D)elete: ☒

Reason: 55

Today's Date: 11/30/04

General Information

Location: MARSH RUN

Source Name: WELL ONE

Receiving Plant: HAIG POINT UTIL-DAUF ISL

Plant ID: B07001

Availability Code: P

Latitude: 32 13824800

Longitude: - 80.84781890

Source Code: G

Ground Water Source Information

Well Characteristics

Depth (ft): 243

Type: 4

Casing Diameter (in): 10

Casing Type: S

Under the Direct Influence of SW?: N

Well Pump Characteristics

Horsepower: 40.00

Type: T

Design Yield (gpm): 500

Test Yield (gpm):

Avg. Daily Production (TGD): 69.03

Regulated Capacity (TGD): 480.00

Treatment Codes

N9980

Comments

Signature: 

SCDHEC

Public Water System Source/Plant Inventory Report

Bureau of Water

System Name: HAIG POINT UTILITY CO

(A)dd, (M)odify, (R)enum, (D)elete: 14

System Number: 0750036

Reason: SS

Source ID: G07192

Today's Date: 11/22/04

General Information

Location: HAIG POINT ROAD

Availability Code: P

Source Name: WELL TWO

Latitude: 32.13191450

Receiving Plant: HAIG POINT UTIL-DAUF ISL

Longitude: -80.85135890

Plant ID: B07002

Source Code: G

Ground Water Source Information

Well Characteristics

Depth (ft): 192

Type: 4

Casing Diameter (in): 10

Casing Type: S

Under the Direct Influence of SW?: N

Well Pump Characteristics

Horsepower: 40.00

Type: T

Design Yield (gpm): 500

Test Yield (gpm):

Avg. Daily Production (TGD): 115.80

Regulated Capacity (TGD): 480.00

Treatment Codes

N9980

Comments

Signature: 

SCDHEC

Bureau of Water

Public Water System Sanitary Survey Report
Ground Water Systems

System name: HAIG POINT UTILITY CO

System number: 0750036

Last Survey: 09/23/2004

Survey Date: 11/13/04

SOURCE:

- 1 Quantity..... S
- 2 Protection from Contam..... S
- 3 Security..... S
- 4 Wellhead Piping..... S
- 5 Pumps..... S
- 6 Flow Measuring Device..... S

WATER TREATMENT:

- 7 Filtration*..... N
- 8 Equipment Maintenance*..... S
- 9 Chemical Storage & Hand.*..... S
- 10 Chemical Feed*..... S
- 11 Chemical Injection Points*..... S

DISTRIBUTION:

- 12 Water Quality..... S
- 13 Operation & Control..... S
- 14 Adequate Pressure..... S
- 15 Fire Flow..... U
- 16 Cross Connection Control..... S
- 17 Valve/Hydrant Maintenance..... S
- 18 Flushing Program..... S
- 19 Leak Detection and Repair..... I
- 20 System Map..... S
- 21 Sample Siting Plan..... S
- 22 Disinfectant Residual*..... I

STORAGE:

- 23 Capacity..... U
- 24 Sanitary Protection..... S
- 25 Security..... S
- 26 Appurtenances..... I
- 27 Maintenance..... S

OPERATIONAL CONTROL:

- 28. Certified Operator/Staffing*..... U
- 29. Testing Equipment*..... I
- 30. Monitoring/Records..... I

GENERAL O & M:

- 31. Plant Security*..... S
- 32. Facility Maintenance..... S
- 33. Supplies/Spare Parts Inv..... S
- 34. Waste Disposal*..... S
- 35. Procedures Manual..... U

EMERGENCY OPERATION:

- 36. Stand-by Power..... S
- 37. Emergency Plan..... S
- 38. Drought Response Plan**..... N

CONSUMER CONFIDENCE REPORTS:

- 39. CCR (Y/N)..... Y

A. System Group (I - V)..... III

B. Operator Grade

- A.....
- B.....
- C.....
- D..... 1
- T.....

C. Dist Group (I - V).....

D. Distribution Operator Grade

- A..... 1
- B.....
- C.....
- D.....
- T..... 2
- G.....

E. Field Tests

- Chlorine.....
- pH.....
- psi.....
- Other.....

S. Samples Taken

- Bacteriological.....
- Inorganic.....
- Organic.....
- Radiological.....
- Other.....

F. Type Inspection/Visit..... GW ROUTINE

G. Are all services metered?..... Y

Percent metered..... 100

H. Is system presently under order?..... N

If Yes, is system complying w/order?..... N

I. Follow up scheduled?..... N

Date scheduled.....

J. Overall Rating..... U

K. Operator/Owner present?..... Y

*Applicable for treated systems only.

**Applicable for part 1 and 2 systems only.

This form represents neither a final approval of the water system, nor an approval to operate the system.

SCDHEC

Bureau of Water

Public Water System Sanitary Survey Report
Ground Water Systems

System name: HAIG POINT UTILITY CO

System number: 0750036

Last Survey: 09/23/2004


Survey Date: 11/30/04

Comments


DHEC Representative


System Representative


Title


water operator

HAIG POINT UTILITY, INC.

**Schedules in Support
of a
Rate Increase**

Historical Test Year 6/30/04

Projected through Complete System

GUASTELLA ASSOCIATES, INC.

January 2005

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HAIG POINT UTILITY COMPANY, INC.**Balance Sheet (Water and Sewer)**

<u>Assets</u>	<u>6/30/2004</u>
Accounts Receivable	87,320
Allowance for Doubtful Accounts	(27,612)
Construction in Progress	1,116,695
Plant in Service	4,339,598
Accumulated Depreciation	<u>(240,082)</u>
Total Assets	<u><u>\$5,275,919</u></u>

<u>Liabilities & Equity</u>	
Accounts Payable	\$405
Advances from Associated Co.	1,046,898
Accrued Taxes	14,969
Contributed in Aid of Construction	464,000
Accum. Amortization of CIAC	(82,740)
Common Stock	2,000
Paid in Capital	4,635,782
Retained Earnings	<u>(805,395)</u>
Total Liabilities & Equity	<u><u>\$5,275,919</u></u>

Schedule A-2

HAIG POINT UTILITY COMPANY, INC.**Income Statement (Water and Sewer)**

	6/30/2004
Revenues:	
Water & Sewer Billings	\$144,271
Availability Billing	82,135
Total Operating Revenue	<u>226,406</u>
Expenses:	
Operation Expense	179,287
Maintenance Expense	79,555
Depreciation	30,295
Taxes, Other	480
Income Tax	<u>(14,775)</u>
Total Operating Expense	<u>274,842</u>
Net Operating Income	(48,436)
Other Income	1,604
Interest Expense	(4,270)
Other Expenses	<u>(4,079)</u>
Net Income	<u><u>(\$55,181)</u></u>

HAIG POINT UTILITY, INC.
Water and Sewer Operations

Capital Structure and Rate of Return

	<u>Amount</u>	<u>Ratio</u>	<u>Cost Rate</u>	<u>Weighted Cost</u>
Debt	\$1,287,382	50.0%	7.5%	3.75%
Equity	<u>1,287,382</u>	<u>50.0%</u>	11.0%	<u>5.50%</u>
	<u><u>\$2,574,765</u></u>	<u><u>100.0%</u></u>		<u><u>9.25%</u></u>

Calculation of Operating Margin (PSC Method)

Revenue Requirement	\$991,672
Equity Return	141,612
Operating Margin	14.3%

HAIG POINT UTILITY, INC.
Water and Sewer Operations

Operating Margin Analysis

NAWC 1999 Financial Summary for Investor-Owned Water Utilities
Economic Research Program

	All	Sub Groups			Haig Point
	Companies	Revenues \$5M-\$10M	Revenues \$1M-\$5M	South Region	Water/Sewer Complete System
Total Companies Surveyed	71	8	17	10	1
Average Number of Employees	151	29	12	142	6
Average Payroll Expense	\$7,432,758	\$1,369,277	\$490,999	\$6,246,688	\$233,173
Average Payroll / Employee	\$49,224	\$47,216	\$40,917	\$43,991	\$38,862
Average O&M Expenses	\$19,841,375	\$3,706,692	\$1,426,473	\$13,496,283	\$488,663
Payroll to Total O&M Expense	37.5%	36.9%	34.4%	46.3%	47.7%
Average Operating Expenses	\$31,885,225	\$5,828,901	\$2,146,449	\$21,483,122	\$753,506
Payroll to Operating Expenses	23.3%	23.5%	22.9%	29.1%	30.9%
Average Operating Revenues	\$41,380,100	\$7,267,084	\$2,761,532	\$27,290,563	\$991,672
Average Net Income	\$5,793,287	\$712,759	\$399,014	\$3,406,876	\$141,612
Operating Margin	14.0%	9.8%	14.4%	12.5%	14.3%

Note: South Region includes the following States: AR, FL, KY, LA, NC, SC, TN, TX, VA, WV.

HAIG POINT UTILITY, INC.

Water Operating Statement

	Year-End 6/30/2004	Ref.	6/30/2004		COMPLETE SYSTEM		
			Proposed Rates	Adjustments	Pro Forma Present Rates	Adjustments	Pro Forma Proposed Rates
Operating Revenue:							
Residential	\$39,651	E-1.1	\$60,271	\$122,152 (1a)	\$161,803	\$85,873 (1b)	\$247,677
Commercial	10,023	E-1.1	15,135	528 (1c)	10,551	4,851 (1d)	15,402
Irrigation	48,749	E-1.1	88,091	57,696 (1e)	106,445	86,222 (1f)	192,667
Availability Billing	41,068	E-1.1	41,068	(41,068) (1g)	0	0	0
Total Revenues	139,492		204,564	139,308	278,800	176,946	455,746
Operating Expense:							
Wages & Benefits	20,055		20,055	40,110 (2)	60,165		60,165
Repair & Maint	47,990		47,990	30,955 (3)	78,945		78,945
Supplies	99		99	152 (4)	251		251
Outside Services	22,998		22,998		22,998		22,998
Telephone	2,259		2,259		2,259		2,259
Office Eqpmnt Rental	490		490	1,349 (5)	1,839		1,839
Bad Debt	16,874		16,874	(11,298) (6)	5,576	3,541 (14)	9,117
Power	19,419		19,419	29,826 (7)	49,245		49,245
Other Operating Exp	9,209		9,209		9,209		9,209
Total O&M Expense	139,393		139,393	91,094	230,487	3,541	234,028
Depreciation	12,846		12,846	44,113 (8)	56,958		56,958
Amortization	0		0	10,000 (9)	10,000		10,000
Revenue Taxes	0		2,302	3,137 (10)	3,137	1,991 (15)	5,128
Property Taxes	0		0	28,479 (11)	28,479		28,479
Payroll Taxes	0		0	4,603 (12)	4,603		4,603
State and Federal Income Taxes	(14,799)		7,198	(11,128) (13)	(25,927)	42,217 (16)	16,290
Total Operating Expenses	137,440		161,739	170,298	307,738	47,749	355,486
Net Operating Income	\$2,052		\$42,825		(\$28,938)		\$100,259
Rate Base	\$2,497,653		\$2,497,653		\$1,083,852		\$1,083,852
Rate of Return	0.08%		1.71%		-2.67%		9.25%

HAIG POINT UTILITY, INC.
Adjustments to Operating Statement (Water)

Adjustment (1)

a) Adjust residential revenue to reflect complete system number of customers at present rates.		
Residential Revenue Per Schedule E-2	161,803	
Less: Residential Revenue Per Schedule E-1	<u>(39,651)</u>	
		<u>122,152</u>
b) Adjust residential revenue to reflect complete system number of customers at proposed rates.		
Residential Revenue Per Schedule E-3	247,677	
Less: Residential Revenue Per Schedule E-2	<u>(161,803)</u>	
		<u>85,873</u>
c) Adjust commercial revenue to reflect complete system number of customers at present rates.		
Commercial Revenue Per Schedule E-2	10,551	
Less: Commercial Revenue Per Schedule E-1	<u>(10,023)</u>	
		<u>528</u>
d) Adjust commercial revenue to reflect complete system number of customers at proposed rates.		
Commercial Revenue Per Schedule E-3	15,402	
Less: Commercial Revenue Per Schedule E-2	<u>(10,551)</u>	
		<u>4,851</u>
e) Adjust irrigation revenue to reflect complete system demand at present rates.		
Irrigation Revenue Per Schedule E-2	106,445	
Less: Irrigation Revenue Per Schedule E-1	<u>(22,620)</u>	
		<u>83,825</u>
f) Adjust irrigation revenue to reflect complete system demand at proposed rates.		
Irrigation Revenue Per Schedule E-3	192,667	
Less: Irrigation Revenue Per Schedule E-2	<u>(106,445)</u>	
		<u>86,222</u>
g) Eliminate the service availability revenue which will not apply for the complete system.		
		<u>(41,068)</u>

Adjustment (2)

Increase the level of wages for the current 2 employees to reflect the wages of 6 employees at test period costs.

Test period costs	20,055	
Factored (6 employees / 2 employees)	<u>3</u>	
	60,165	
Adjustment		<u>40,110</u>

HAIG POINT UTILITY, INC.
Adjustments to Operating Statement (Water)

Adjustment (3)

Increase the level of repair and maintenance costs for plant facilities by plant additions.

	Test Period	Factor	Complete System	
Repair and Maintenance Expense	47,990	1.645	78,945	
Adjustment				<u>30,955</u>

Adjustment (4)

Increase the level of operating supply costs for increased system demand.

Test period costs			99	
Factor for increase in demand			<u>2.536</u>	
			251	
Adjustment				<u>152</u>

Adjustment (5)

Increase the level of office equipment rental for increased number of customers.

Test period costs			490	
Factor for increase in customers			<u>3.754</u>	
			1,839	
Adjustment				<u>1,349</u>

Adjustment (6)

Adjust bad debt expense to reflect 2.0% of complete system revenue under present rates.

Bad debt at 2.0% of revenues			5,576	
Test period costs			<u>16,874</u>	
Adjustment				<u>(11,298)</u>

Adjustment (7)

Increase the level of power costs for increased system demand.

Test period costs			19,419	
Factor for increase in demand			<u>2.536</u>	
			49,245	
Adjustment				<u>29,826</u>

Adjustment (8)

Adjustment to reflect the annual depreciation for complete system plant in service.

Pro Forma Depreciation Expense			56,958	
Test period Depreciation Expense			<u>12,846</u>	
Adjustment				<u>44,113</u>

HAIG POINT UTILITY, INC.
Adjustments to Operating Statement (Water)

Adjustment (9)

Adjustment to reflect the amortization of rate case expense.

Total rate case cost	40,000	
Amortization period (years)	<u>4</u>	
Annual amortization		<u>10,000</u>

Adjustment (10)

Adjustment to reflect the revenue taxes on pro forma revenue under present rates.

Revenue	278,800	
Revenue Tax Rate	<u>1.12528%</u>	
Adjustment		<u>3,137</u>

Adjustment (11)

Adjustment to reflect property taxes at 1.0% of pro forma plant costs.

Plant Costs	2,847,910	
Rate	<u>1.00000%</u>	
Adjustment		<u>28,479</u>

Adjustment (12)

Adjustment to reflect payroll taxes.

Wages	60,165	
Rate	<u>7.65000%</u>	
Adjustment		<u>4,603</u>

Adjustment (13)

Adjustment to reflect State and Federal Income Taxes.

Revenue	278,800		
O&M Expense	(230,487)		
Depreciation	(56,958)		
Amortization	(10,000)		
Taxes - Other	(36,219)		
Interest Expense	(40,644)		
State Taxable Income	<u>(95,509)</u>		
State Income Tax Rate		4.066%	
SIT			(3,883)
Federal Taxable Income	<u>(99,392)</u>		
Federal Income Tax Rate		22.178%	
FIT			<u>(22,043)</u>
Pro Forma Income Tax			<u>(25,927)</u>
Test Period Income Tax			<u>(14,799)</u>
Adjustment			<u>(11,128)</u>

HAIG POINT UTILITY, INC.
Adjustments to Operating Statement (Water)

Schedule C-2(W)

Adjustment (14)

Adjust bad debt expense to reflect rate increase.

Bad Debt at Present Rates	5,576	
Rate Increase Percentage	<u>63.5%</u>	
Adjustment		<u><u>3,541</u></u>

Adjustment (15)

Adjustment to reflect the revenue taxes on pro forma revenue under proposed rates.

Revenue Requirement	455,743	
Revenue Tax Rate	<u>1.12528%</u>	
Revenue Tax at Proposed Rates	5,128	
Revenue Tax at Present Rates	<u>3,137</u>	
Adjustment		<u><u>1,991</u></u>

Adjustment (16)

Adjustment to reflect State and Federal Income Taxes.

Revenue Requirement	455,743		
O&M Expense	(234,028)		
Depreciation	(56,958)		
Amortization	(10,000)		
Taxes - Other	(38,210)		
Interest Expense	<u>(40,644)</u>		
State Taxable Income	75,903		
State Income Tax Rate		4.066%	
SIT			3,086
Federal Taxable Income	<u>72,816</u>		
Federal Income Tax Rate		18.133%	
FIT			<u>13,204</u>
Pro Forma Income Tax-Proposed Rates			16,290
Pro Forma Income Tax-Present Rates			<u>(25,927)</u>
Adjustment			<u><u>42,217</u></u>

HAIG POINT UTILITY, INC.

Sewer Operating Statement

	Year-End 6/30/2004	Ref.	6/30/2004		COMPLETE SYSTEM			
			Proposed Rates	Adjustments	Pro Forma Present Rates	Adjustments	Pro Forma Proposed Rates	
Operating Revenue:								
Residential	\$38,495	E-1.1	\$125,112	\$118,056 (1a)	\$156,551	\$353,168 (1b)	\$509,719	
Commercial	9,202	E-1.1	24,203	499 (1c)	9,701	16,519 (1d)	26,220	
Irrigation	0	E-1.1	0	0	0	0	0	
Availability Billing	41,068	E-1.1	132,356	(41,068) (1e)	0	0	0	
Total Revenues	88,765		281,670	77,487	166,252	369,688	535,940	
Operating Expense:								
Wages & Benefits	57,669		57,669	115,339 (2)	173,008		173,008	
Repair & Maint	31,565		31,565		31,565		31,565	
Sludge Disposal	0		0				0	
Supplies	0		0		0		0	
Outside Services	8,140		8,140		8,140		8,140	
Telephone	1,411		1,411		1,411		1,411	
Office Eqpmnt Rental	0		0		0		0	
Bad Debt	10,738		10,738	(7,413) (3)	3,325	7,395 (11)	10,720	
Power	8,689		8,689	19,866 (4)	28,555		28,555	
Other Operating Exp	1,236		1,236		1,236		1,236	
Total O&M Expense	119,448		119,448	127,792	247,240		254,635	
Depreciation	17,450		17,450	40,888 (5)	58,338		58,338	
Amortization	0		0	10,000 (6)	10,000		10,000	
Revenue Taxes	0		3,170	1,871 (7)	1,871	4,160 (12)	6,031	
Property Taxes	0		0	26,280 (8)	26,280		26,280	
Payroll Taxes	0		0	13,235 (9)	13,235		13,235	
State and Federal Income Taxes	24		36,230	(78,572) (10)	(78,548)	108,049 (13)	29,501	
Total Operating Expenses	136,922		176,297	141,494	278,416		398,020	
Net Operating Income	(\$48,157)		\$105,373		(\$112,165)		\$137,919	
Rate Base	\$2,403,061		\$2,403,061		\$1,490,912		\$1,490,912	
Rate of Return	-2.00%		4.38%		-7.52%		9.25%	

HAIG POINT UTILITY, INC.
Adjustments to Operating Statement - Sewer

Adjustment (1)

a) Adjust residential revenue to reflect complete system number of customers at present rates.			
Residential Revenue Per Schedule E-2	156,551		
Less: Residential Revenue Per Schedule E-1	<u>(38,495)</u>		
			<u>118,056</u>
b) Adjust residential revenue to reflect complete system number of customers at proposed rates.			
Residential Revenue Per Schedule E-3	509,719		
Less: Residential Revenue Per Schedule E-2	<u>(156,551)</u>		
			<u>353,168</u>
c) Adjust commercial revenue to reflect complete system number of customers at present rates.			
Commercial Revenue Per Schedule E-2	9,701		
Less: Commercial Revenue Per Schedule E-1	<u>(9,202)</u>		
			<u>499</u>
d) Adjust commercial revenue to reflect complete system number of customers at proposed rates.			
Commercial Revenue Per Schedule E-3	26,220		
Less: Commercial Revenue Per Schedule E-2	<u>(9,701)</u>		
			<u>16,519</u>
e) Eliminate the service availability revenue which will not apply for the complete system.			
			<u>(41,068)</u>

Adjustment (2)

Increase the level of wages for the current 2 employees to reflect the wages of 6 employees at test period costs.

Test period costs	57,669		
Factored (6 employees / 2 employees)	<u>3</u>		
	173,008		
Adjustment			<u>115,339</u>

Adjustment (3)

Adjust bad debt expense to reflect 2.0% of complete system revenue under present rates.

Bad debt at 2.0% of revenues	3,325		
Test period costs	<u>10,738</u>		
Adjustment			<u>(7,413)</u>

Adjustment (4)

Increase the level of power costs for increased system demand.

Test period costs	8,689		
Factor for increase in demand	<u>3,286</u>		
	28,555		
Adjustment			<u>19,866</u>

HAIG POINT UTILITY, INC.
Adjustments to Operating Statement - Sewer

Schedule C-2 (S)

Adjustment (5)

Adjustment to reflect the annual depreciation for complete system plant in service.

Pro Forma Depreciation Expense	58,338	
Test period Depreciation Expense	<u>17,450</u>	
Adjustment		<u>40,888</u>

Adjustment (6)

Adjustment to reflect the amortization of rate case expense.

Total rate case cost	40,000	
Amortization period (years)	<u>4</u>	
Annual amortization		<u>10,000</u>

Adjustment (7)

Adjustment to reflect the revenue taxes on pro forma revenue under present rates.

Revenue	166,252	
Revenue Tax Rate	<u>1.12528%</u>	
Adjustment		<u>1,871</u>

Adjustment (8)

Adjustment to reflect property taxes at 1.0% of pro forma plant costs.

Plant Costs	2,628,049	
Rate	<u>1.00000%</u>	
Adjustment		<u>26,280</u>

Adjustment (9)

Adjustment to reflect payroll taxes.

Wages	173,008	
Rate	<u>7.65000%</u>	
Adjustment		<u>13,235</u>

Adjustment (10)

Adjustment to reflect State and Federal Income Taxes.

Revenue	166,252		
O&M Expense	(247,240)		
Depreciation	(58,338)		
Amortization	(10,000)		
Taxes - Other	(41,386)		
Interest Expense	<u>(55,909)</u>		
State Taxable Income	(246,621)		
State Income Tax Rate		4.066%	
SIT			(10,028)
Federal Taxable Income	<u>(256,649)</u>		
Federal Income Tax Rate		32.474%	
FIT			<u>(83,343)</u>
Pro Forma Income Tax			(93,371)
Test Period Income Tax			<u>(14,799)</u>
Adjustment			<u>(78,572)</u>

HAIG POINT UTILITY, INC.
Adjustments to Operating Statement - Sewer

Adjustment (11)

Adjust bad debt expense to reflect rate increase.

Bad Debt at Present Rates	3,325	
Rate Increase Percentage	<u>222.4%</u>	
Adjustment		<u><u>7,395</u></u>

Adjustment (12)

Adjustment to reflect the revenue taxes on pro forma revenue under proposed rates.

Revenue Requirement	535,929	
Revenue Tax Rate	<u>1.12528%</u>	
Revenue Tax at Proposed Rates	6,031	
Revenue Tax at Present Rates	<u>1,871</u>	
Adjustment		<u><u>4,160</u></u>

Adjustment (13)

Adjustment to reflect State and Federal Income Taxes.

Revenue	535,929		
O&M Expense	(254,635)		
Depreciation	(58,338)		
Amortization	(10,000)		
Taxes - Other	(45,546)		
Interest Expense	<u>(55,909)</u>		
State Taxable Income	111,501		
State Income Tax Rate		4.066%	
SIT			4,534
Federal Taxable Income	<u>106,967</u>		
Federal Income Tax Rate		23.341%	
FIT			<u>24,967</u>
Pro Forma Income Tax-Proposed Rates			29,501
Pro Forma Income Tax-Present Rates			<u>(78,548)</u>
Adjustment			<u><u>108,049</u></u>

HAIG POINT UTILITY, INC.**Water Capital Structure and Rate of Return**

	<u>Amount</u>	<u>Ratio</u>	<u>Cost Rate</u>	<u>Weighted Cost</u>
Debt	\$541,926	50.0%	7.5%	3.75%
Equity	<u>541,926</u>	<u>50.0%</u>	11.0%	<u>5.50%</u>
	<u>\$1,083,852</u>	<u>100.0%</u>		<u>9.25%</u>

Calculation of Operating Margin (PSC Method)

Revenue Requirement	\$455,743
Equity Return	59,612
Operating Margin	13.1%

Sewer Capital Structure and Rate of Return

	<u>Amount</u>	<u>Ratio</u>	<u>Cost Rate</u>	<u>Weighted Cost</u>
Debt	\$745,456	50.0%	7.5%	3.75%
Equity	<u>745,456</u>	<u>50.0%</u>	11.0%	<u>5.50%</u>
	<u>\$1,490,912</u>	<u>100.0%</u>		<u>9.25%</u>

Calculation of Operating Margin (PSC Method)

Revenue Requirement	\$535,929
Equity Return	82,000
Operating Margin	15.3%

Quarterly Bills	Annual Usage (tg)	Quarterly Base Chg	Usage Charge	Base Chg Revenue	Usage Revenue	Total Revenue
741.0		\$45.00		\$33,345		\$33,345
	8,207.8		\$0.00		\$0	\$0
	5,255.3		\$1.20		\$6,306	\$6,306
<u>741.0</u>	<u>13,463.1</u>			<u>\$33,345</u>	<u>\$6,306</u>	<u>\$39,651</u>
88.0		\$63.00		\$5,544		\$5,544
	1,062.5		\$0.00		\$0	\$0
	3,732.7		\$1.20		\$4,479	\$4,479
<u>88.0</u>	<u>4,795.3</u>			<u>\$5,544</u>	<u>\$4,479</u>	<u>\$10,023</u>
	1,542.0		\$1.20		\$1,850	\$1,850
	20,232.6		\$1.20		\$24,279	\$24,279
	18,850.0		\$1.20		\$22,620	\$22,620
	<u>39,082.6</u>				<u>\$46,899</u>	<u>\$46,899</u>
829.0	58,882.9			\$38,889	\$59,535	\$98,424
				39.5%	60.5%	
456.3		\$90.00				\$41,068
						<u>\$139,492</u>

	Quarterly Bills	Annual Usage (tg)	Quarterly Base Chg	Usage Charge	Base Chg Revenue	Usage Revenue	Total Revenue
Residential	741.0		\$45.00		\$33,345		\$33,345
0 to 22,500 gals (quarterly)		8,207.8		\$0.00			\$0
Over 22,500 gals		5,364.8		\$0.96		\$5,150	\$5,150
	<u>741.0</u>	<u>13,572.5</u>			<u>\$33,345</u>	<u>\$5,150</u>	<u>\$38,495</u>
Commercial	88.0		\$63.00		\$5,544		\$5,544
0 to 22,500 gals (quarterly)		1,062.5		\$0.00		\$0	\$0
Over 22,500 gals		3,810.5		\$0.96		\$3,658	\$3,658
	<u>88.0</u>	<u>4,873.0</u>			<u>\$5,544</u>	<u>\$3,658</u>	<u>\$9,202</u>
Total Sewer Revenues	829.0	18,445.6			\$38,889 81.5%	\$8,808 18.5%	\$47,697
Availability Billing	456.3		\$90.00				\$41,068
Total Sewer Operating Revenue							<u>\$88,765</u>
Total Water & Sewer Operating Revenue							<u>\$228,256</u>

HAIG POINT UTILITY, INC.

Water Billing Analysis at Proposed Rates
Year-End 6/30/04

	Quarterly Bills	Annual Usage (tg)	Quarterly Base Chg	Usage Charge	Base Chg Revenue	Usage Revenue	Total Revenue
Residential	741.0		\$45.00		\$33,345		\$33,345
0 to 22,500 gals (quarterly)		8,207.8		\$2.00		\$16,416	\$16,416
Over 22,500 gals		5,255.3		\$2.00		\$10,511	\$10,511
	<u>741.0</u>	<u>13,463.1</u>			<u>\$33,345</u>	<u>\$26,926</u>	<u>\$60,271</u>
Commercial	88.0		\$63.00		\$5,544		\$5,544
0 to 22,500 gals (quarterly)		1,062.5		\$2.00		\$2,125	\$2,125
Over 22,500 gals		3,732.7		\$2.00		\$7,465	\$7,465
	<u>88.0</u>	<u>4,795.3</u>			<u>\$5,544</u>	<u>\$9,591</u>	<u>\$15,135</u>
TPL Treatment Plant		1,542.0		\$2.00		\$3,084	\$3,084
Irrigation-Resid. & Comm.							
0 to 18,000 gals (quarterly)		20,479.3		\$2.00		\$40,959	\$40,959
18,001 to 60,000 gals		11,177.6		\$2.25		\$25,150	\$25,150
Over 60,000 gals		7,425.7		\$2.55		\$18,898	\$18,898
		<u>39,082.6</u>				<u>\$85,007</u>	<u>\$85,007</u>
Total Water Revenues	829.0	58,882.9			\$38,889 23.8%	\$124,607 76.2%	\$163,496
Availability Billing	456.3		\$90.00				\$41,068
Total Water Operating Revenue							<u>\$204,564</u>

Sewer Billing Analysis at Proposed Rates
Year-End 6/30/04

	Quarterly Bills	Annual Usage (tg)	Quarterly Base Chg	Usage Charge	Base Chg Revenue	Usage Revenue	Total Revenue
Residential	741.0		\$145.03		\$107,467		\$107,467
0 to 22,500 gals (quarterly)		8,207.8		\$1.30		\$10,670	\$10,670
Over 22,500 gals		<u>5,364.8</u>		\$1.30		<u>\$6,974</u>	<u>\$6,974</u>
	<u>741.0</u>	<u>13,572.5</u>			<u>\$107,467</u>	<u>\$17,644</u>	<u>\$125,112</u>
 Commercial	 88.0		 \$203.04		 \$17,868		 \$17,868
0 to 22,500 gals (quarterly)		1,062.5		\$1.30		\$1,381	\$1,381
Over 22,500 gals		<u>3,810.5</u>		\$1.30		<u>\$4,954</u>	<u>\$4,954</u>
	<u>88.0</u>	<u>4,873.0</u>			<u>\$17,868</u>	<u>\$6,335</u>	<u>\$24,203</u>
 Total Sewer Revenues	 829.0	 18,445.6			 \$125,335 83.9%	 \$23,979 16.1%	 \$149,314
 Availability Billing	 456.3		 \$290.06				 \$132,356
 Total Sewer Operating Revenue							 <u><u>\$281,670</u></u>
 Total Water & Sewer Operating Revenue							 <u><u>\$486,234</u></u>

Quarterly Bills	Annual Usage (tg)	Quarterly Base Chg	Usage Charge	Base Chg Revenue	Usage Revenue	Total Revenue
3,012.0		\$45.00		\$135,540		\$135,540
	34,182.1		\$0.00		\$0	\$0
	21,886.2		\$1.20		\$26,263	\$26,263
3,012.0	56,068.4			\$135,540	\$26,263	\$161,803
100.0		\$63.00		\$6,300		\$6,300
	1,008.4		\$0.00		\$0	\$0
	3,542.5		\$1.20		\$4,251	\$4,251
100.0	4,550.8			\$6,300	\$4,251	\$10,551
	1,537.4		\$1.20		\$1,845	\$1,845
	1,537.4				\$1,845	\$1,845
	45,675.5		\$1.20		\$54,811	\$54,811
	24,929.7		\$1.20		\$29,916	\$29,916
	16,561.7		\$1.20		\$19,874	\$19,874
	87,166.9				\$104,600	\$104,600
3,112.0	149,323.5			\$141,840	\$136,960	\$278,800
				50.9%	49.1%	
0.0		\$90.00				\$0
						\$278,800

Quarterly Bills	Annual Usage (tg)	Quarterly Base Chg	Usage Charge	Base Chg Revenue	Usage Revenue	Total Revenue
3,012.0		\$45.00		\$135,540		\$135,540
	34,182.1		\$0.00		\$0	\$0
	21,886.2		\$0.96		\$21,011	\$21,011
3,012.0	56,068.4			\$135,540	\$21,011	\$156,551
100.0		\$63.00		\$6,300		\$6,300
	1,008.4		\$0.00		\$0	\$0
	3,542.5		\$0.96		\$3,401	\$3,401
100.0	4,550.8			\$6,300	\$3,401	\$9,701
3,112.0	60,619.2			\$141,840	\$24,412	\$166,252
				85.3%	14.7%	
0.0		\$90.00				\$0
Revenue						\$166,252
Operating Revenue						\$445,051

	Quarterly Bills	Annual Usage (tg)	Quarterly Base Chg	Usage Charge	Base Chg Revenue	Usage Revenue	Total Revenue
Residential	3,012.0		\$45.00		\$135,540		\$135,540
0 to 22,500 gals (quarterly)		34,182.1		\$2.00		\$68,364	\$68,364
Over 22,500 gals		21,886.2		\$2.00		\$43,772	\$43,772
	<u>3,012.0</u>	<u>56,068.4</u>			<u>\$135,540</u>	<u>\$112,137</u>	<u>\$247,677</u>
Commercial	100.0		\$63.00		\$6,300		\$6,300
0 to 22,500 gals (quarterly)		1,008.4		\$2.00		\$2,017	\$2,017
Over 22,500 gals		3,542.5		\$2.00		\$7,085	\$7,085
	<u>100.0</u>	<u>4,550.8</u>			<u>\$6,300</u>	<u>\$9,102</u>	<u>\$15,402</u>
TPL Treatment Plant		1,537.4		\$2.00		\$3,075	\$3,075
		<u>1,537.4</u>				<u>\$3,075</u>	<u>\$3,075</u>
Irrigation-Resid. & Comm.							
0 to 18,000 gals (quarterly)		45,675.5		\$2.00		\$91,351	\$91,351
18,001 to 60,000 gals		24,929.7		\$2.25		\$56,092	\$56,092
Over 60,000 gals		16,561.7		\$2.55		\$42,150	\$42,150
		<u>87,166.9</u>				<u>\$189,592</u>	<u>\$189,592</u>
Total Water Revenues	3,112.0	149,323.5			\$141,840	\$313,906	\$455,746
					31.1%	68.9%	
Availability Billing	0.0		\$90.00				\$0
Total Water Operating Revenue							<u>\$455,746</u>

	Quarterly Bills	Annual Usage (tg)	Quarterly Base Chg	Usage Charge	Base Chg Revenue	Usage Revenue	Total Revenue
Residential	3,012.0		\$145.03		\$436,830		\$436,830
0 to 22,500 gals (quarterly)		34,182.1		\$1.30		\$44,437	\$44,437
Over 22,500 gals		21,886.2		\$1.30		\$28,452	\$28,452
	<u>3,012.0</u>	<u>56,068.4</u>			<u>\$436,830</u>	<u>\$72,889</u>	<u>\$509,719</u>
Commercial	100.0		\$203.04		\$20,304		\$20,304
0 to 22,500 gals (quarterly)		1,008.4		\$1.30		\$1,311	\$1,311
Over 22,500 gals		3,542.5		\$1.30		\$4,605	\$4,605
	<u>100.0</u>	<u>4,550.8</u>			<u>\$20,304</u>	<u>\$5,916</u>	<u>\$26,220</u>
Total Sewer Revenues	3,112.0	60,619.2			\$457,135 85.3%	\$78,805 14.7%	\$535,940
Availability Billing	0.0		\$290.06				\$0
Total Sewer Operating Revenue							<u>\$535,940</u>
Total Water & Sewer Operating Revenue							<u>\$991,685</u>

HAIG POINT UTILITY, INC.

Typical Water Bill Comparison

PRESENT RATES					PROPOSED NO USAGE ALLOWANCE RATES				
Base Gals. Over 22,500	Usage Charge \$1.20	Base Charge \$45.00	Quarterly Bill		Base Gals. Over 0	Usage Charge \$2.00	Base Charge \$45.00	Quarterly Bill	Percent Increase
0	0	\$0.00	\$45.00	\$45.00	0	\$0.00	\$45.00	\$45.00	0.00%
2,500	0	\$0.00	\$45.00	\$45.00	2,500	\$5.00	\$45.00	\$50.00	11.11%
5,000	0	\$0.00	\$45.00	\$45.00	5,000	\$10.00	\$45.00	\$55.00	22.22%
7,500	0	\$0.00	\$45.00	\$45.00	7,500	\$15.00	\$45.00	\$60.00	33.33%
10,000	0	\$0.00	\$45.00	\$45.00	10,000	\$20.00	\$45.00	\$65.00	44.44%
12,500	0	\$0.00	\$45.00	\$45.00	12,500	\$25.00	\$45.00	\$70.00	55.56%
15,000	0	\$0.00	\$45.00	\$45.00	15,000	\$30.00	\$45.00	\$75.00	66.67%
17,500	0	\$0.00	\$45.00	\$45.00	17,500	\$35.00	\$45.00	\$80.00	77.78%
18,600 *	0	\$0.00	\$45.00	\$45.00	18,600	\$37.20	\$45.00	\$82.20	82.67%
20,000	0	\$0.00	\$45.00	\$45.00	20,000	\$40.00	\$45.00	\$85.00	88.89%
22,500	0	\$0.00	\$45.00	\$45.00	22,500	\$45.00	\$45.00	\$90.00	100.00%
25,000	2,500	\$3.00	\$45.00	\$48.00	25,000	\$50.00	\$45.00	\$95.00	97.92%
30,000	7,500	\$9.00	\$45.00	\$54.00	30,000	\$60.00	\$45.00	\$105.00	94.44%
35,000	12,500	\$15.00	\$45.00	\$60.00	35,000	\$70.00	\$45.00	\$115.00	91.67%
40,000	17,500	\$21.00	\$45.00	\$66.00	40,000	\$80.00	\$45.00	\$125.00	89.39%
45,000	22,500	\$27.00	\$45.00	\$72.00	45,000	\$90.00	\$45.00	\$135.00	87.50%
50,000	27,500	\$33.00	\$45.00	\$78.00	50,000	\$100.00	\$45.00	\$145.00	85.90%

Note(*): Typical residential bill at 204 gpd of water usage.
Annual Water Bill \$180.00

\$328.80

Typical Sewer Bill Comparison

PRESENT RATES					PROPOSED NO USAGE ALLOWANCE RATES				
Base Gals. Over 22,500	Usage Charge \$0.96	Base Charge \$45.00	Quarterly Bill		Base Gals. Over 22,500	Usage Charge \$1.30	Base Charge \$145.03	Quarterly Bill	Percent Increase
0	0	\$0.00	\$45.00	\$45.00	0	\$0.00	\$145.03	\$145.03	222.29%
2,500	0	\$0.00	\$45.00	\$45.00	2,500	\$3.25	\$145.03	\$148.28	229.51%
5,000	0	\$0.00	\$45.00	\$45.00	5,000	\$6.50	\$145.03	\$151.53	236.73%
7,500	0	\$0.00	\$45.00	\$45.00	7,500	\$9.75	\$145.03	\$154.78	243.96%
10,000	0	\$0.00	\$45.00	\$45.00	10,000	\$13.00	\$145.03	\$158.03	251.18%
12,500	0	\$0.00	\$45.00	\$45.00	12,500	\$16.25	\$145.03	\$161.28	258.40%
15,000	0	\$0.00	\$45.00	\$45.00	15,000	\$19.50	\$145.03	\$164.53	265.62%
17,500	0	\$0.00	\$45.00	\$45.00	17,500	\$22.75	\$145.03	\$167.78	272.84%
18,600 *	0	\$0.00	\$45.00	\$45.00	18,600	\$24.18	\$145.03	\$169.21	276.02%
20,000	0	\$0.00	\$45.00	\$45.00	20,000	\$26.00	\$145.03	\$171.03	280.07%
22,500	0	\$0.00	\$45.00	\$45.00	22,500	\$29.25	\$145.03	\$174.28	287.29%
25,000	2,500	\$2.40	\$45.00	\$47.40	25,000	\$32.50	\$145.03	\$177.53	274.54%
30,000	7,500	\$7.20	\$45.00	\$52.20	30,000	\$39.00	\$145.03	\$184.03	252.55%
35,000	12,500	\$12.00	\$45.00	\$57.00	35,000	\$45.50	\$145.03	\$190.53	234.26%
40,000	17,500	\$16.80	\$45.00	\$61.80	40,000	\$52.00	\$145.03	\$197.03	218.82%
45,000	22,500	\$21.60	\$45.00	\$66.60	45,000	\$58.50	\$145.03	\$203.53	205.60%
50,000	27,500	\$26.40	\$45.00	\$71.40	50,000	\$65.00	\$145.03	\$210.03	194.16%

Note(*): Typical residential bill at 204 gpd of water usage.
Annual Sewer Bill \$180.00

\$676.84

HAIG POINT UTILITY, INC.

Revenue Requirement

		<u>Water</u>		<u>Sewer</u>
Equity Return		\$59,612		\$82,000
Gross Revenue Tax	1.12528%	864	1.12528%	1,269
FIT	21.4617%	16,290	26.4580%	29,501
Equity Grossed-Up	22.3455%	76,766	27.2855%	112,770
O&M Expenses		234,028		254,635
Depreciation		56,958		58,338
Amortization		10,000		10,000
Property Taxes		28,479		26,280
Payroll Taxes		4,603		13,235
Interest Expense		40,644		55,909
		<u>374,713</u>		<u>418,397</u>
Gross Revenue Tax		4,265		4,762
		<u>378,977</u>		<u>423,159</u>
Revenue Requirement		<u>\$455,743</u>		<u>\$535,929</u>
Revenue @ Present Rates		278,800		166,252
Percentage Increase		63.5%		222.4%

HAIG POINT UTILITY, INC.
Plant in Service at System Build-Out

Plant in Service at System Build-Out					Service	ORIGINAL COST		
		Cost	Installed	Years	Life	Water	Sewer	Total
Water & Sewer Mains	Plat 1 & Maint Area	675,286.12	1987	17	50	255,905.02	419,381.10	675,286.12
	Plantatn Twnhse Phase I & II	43,015.90	1988	16	50	28,334.20	14,681.70	43,015.90
	Plantatn TH (Oaks & Calibogue)	0.00	2004	0	50	0.00	0.00	0.00
	Beach Club	44,026.00	1987	17	50	20,247.00	23,779.00	44,026.00
	Plat 2	83,220.40	1986	18	50	83,220.40		83,220.40
	Plat 2	160,253.45	1987	17	50		160,253.45	160,253.45
	Plat 2 (VH-5)	58,144.05	1994	10	50	15,735.35	42,408.70	58,144.05
	Plat 3	122,130.75	1987	17	50	47,829.45	74,301.30	122,130.75
	Plat 4	14,666.50	1988	16	50	14,666.50		14,666.50
	Plat 4	18,724.75	2000	4	50		18,724.75	18,724.75
	Plat 5	76,068.00	1988	16	50	76,068.00		76,068.00
	Plat 5	113,052.70	2000	4	50		113,052.70	113,052.70
	Plat 6	92,563.85	1989	15	50	34,834.00	57,729.85	92,563.85
	Plat 7	38,585.60	1989	15	50	9,623.15	28,962.45	38,585.60
	Plat 8	86,220.80	1989	15	50	30,740.00	55,480.80	86,220.80
	Plat 9	19,020.45	1990	14	50	3,797.20	15,223.25	19,020.45
	Plat 10	119,595.00	1990	14	50	68,714.50	50,880.50	119,595.00
	Plat 10 (Lake Ridge to Clubhse)	18,666.00	1990	14	50	18,666.00		18,666.00
	Plat 11 (blocks A&B)	123,511.60	1991	13	50	53,728.60	69,783.00	123,511.60
	Osprey Isl. Phase I	109,991.25	1994	10	50	34,888.75	75,102.50	109,991.25
	Osprey Isl. Phase II	19,121.00	2000	4	50	8,264.00	10,857.00	19,121.00
	Equestrian Ctr	58,733.67	1990	14	50	34,451.17	24,282.50	58,733.67
	Village Square	17,213.15	1987	17	50	6,417.20	10,795.95	17,213.15
	Daufuskie Island School	0.00	1995	9	50	0.00	0.00	0.00
	MF-3 Twnhse (Savanna Walk)	20,165.00	1987	17	50	6,620.00	13,545.00	20,165.00
	Savanna Walk-Phase II	0.00			50	0.00	0.00	0.00
	Water Main Ext. to Lighthse	0.00	1986	18	50	0.00		0.00
	Clubhouse	140,199.90	1987	17	50	99,226.84	40,973.06	140,199.90
	Landing Bldg	68,450.95	1987	17	50	44,062.95	24,388.00	68,450.95
	Plat 14				50	0.00	0.00	0.00
	Plat 15	188,567.45	1996	8	50	63,711.00	124,856.45	188,567.45
	Plat 16	29,269.25	1996	8	50	14,246.25	15,023.00	29,269.25
	Plat 17				50	0.00	0.00	0.00
	Plat 18	87,449.75	2000	4	50	31,576.00	55,873.75	87,449.75
	Plat 19	288,552.50	2000	4	50	95,733.75	192,818.75	288,552.50
	Plat 20	192,324.25	2000	4	50	78,181.75	114,142.50	192,324.25
	Plat 21	91,749.80	2000	4	50	35,311.00	56,438.80	91,749.80
	Plat 22	207,132.35	2000	4	50	63,055.15	144,077.20	207,132.35
		3,425,672.19				1,377,855.18	2,047,817.01	3,425,672.19
Wells, Supply Main & Appert	Wells 1 & 2	353,359.67	1987	17	50	353,359.67		353,359.67
	Well 3	377,749.00	2005	0	50	377,749.00		377,749.00
		731,108.67				731,108.67	0.00	731,108.67
Reservoirs & Standpipes	Elev.Storage Tank 125 tg	738,946.00	2005	0	50	738,946.00		738,946.00
		738,946.00				738,946.00	0.00	738,946.00
WWTP	WWTP-Phase I	797,381.00	1987	17	32		797,381.00	797,381.00
	WWTP-(Melrose Portion)	-318,952.40	1987	17	32		-318,952.40	-318,952.40
	WWTP-Phase II	0.00					0.00	0.00
	WWTP-Phase III (640000 gpd)	58,500.00	2003	1	32		58,500.00	58,500.00
	WWTP-(Melrose Portion)	-23,400.00	2003	1	32		-23,400.00	-23,400.00
		513,528.60				0.00	513,528.60	513,528.60
Outfall Main	Effluent Trans Line	66,703.75	1987	17	50		66,703.75	66,703.75
		66,703.75				0.00	66,703.75	66,703.75
Pumping Equipment	Restroom at Landing Dock	0.00	1987	17	32		0.00	0.00
		0.00				0.00	0.00	0.00
		5,475,959.21				2,847,909.85	2,628,049.36	5,475,959.21

[illegible]

[illegible]

HAIG POINT UTILITY, INC.
Customer Growth Projections

	Residential		Commercial		Plant	Res. Inlg.		Comm. Inlg.		System Total	Water		Sewer	
	Haig Pt	Cedar	Club			910.6		260.0			Percent Utilized	Percent Utilized	Percent Utilized	Percent Utilized
Total ERCs	735.0	18.0	61.1	20.6	910.6	260.0	2,005.4							
1987	18.0		10.0	20.6	21.8	42.5	112.9	5.63%	3.44%					
1988	31.0		13.3	20.6	37.5	56.6	159.0	7.93%	5.44%					
1989	41.0		16.6	20.6	49.6	70.6	198.4	9.89%	7.08%					
1990	50.0		16.6	20.6	60.5	70.6	218.3	10.89%	8.18%					
1991	58.0		19.9	20.6	70.1	84.7	253.3	12.63%	9.57%					
1992	67.0		23.2	20.6	81.0	98.7	290.5	14.49%	11.08%					
1993	78.0		26.2	20.6	94.3	111.5	330.6	16.49%	12.80%					
1994	87.0		29.2	20.6	105.2	124.2	366.2	18.26%	14.27%					
1995	98.0		32.2	20.6	118.5	137.0	406.3	20.26%	15.99%					
1996	107.0		35.2	20.6	129.4	149.8	442.0	22.04%	17.47%					
1997	118.0		38.2	20.6	142.7	162.5	482.0	24.04%	19.19%					
1998	128.0		41.2	20.6	154.8	175.3	519.9	25.92%	20.78%					
1999	138.0		44.2	20.6	166.9	188.1	557.7	27.81%	22.38%					
2000	147.0		47.2	20.6	177.8	200.8	593.4	29.59%	23.85%					
2001	157.0		47.2	20.6	189.9	200.8	615.5	30.69%	25.08%					
2002	166.0		50.2	20.6	200.7	213.6	651.1	32.47%	26.56%					
2003	172.0		59.1	20.6	208.0	251.4	711.1	35.46%	28.39%					
2004	197.0		61.1	20.6	238.2	260.0	776.9	38.74%	31.70%					
2005	212.0	5.0	61.1	20.6	262.4	260.0	821.1	40.94%	34.16%					
2006	227.0	9.0	61.1	20.6	285.4	260.0	863.1	43.04%	36.49%					
2007	242.0	12.0	61.1	20.6	307.2	260.0	902.8	45.02%	38.70%					
2008	262.0	15.0	61.1	20.6	335.0	260.0	953.6	47.55%	41.53%					
2009	284.0	18.0	61.1	20.6	365.2	260.0	1,008.9	50.31%	44.60%					
2010	306.0	18.0	61.1	20.6	391.8	260.0	1,057.5	52.73%	47.30%					
2011	331.0	18.0	61.1	20.6	422.1	260.0	1,112.7	55.49%	50.37%					
2012	356.0	18.0	61.1	20.6	452.3	260.0	1,167.9	58.24%	53.44%					
2013	386.0	18.0	61.1	20.6	488.6	260.0	1,234.2	61.54%	57.13%					
2014	416.0	18.0	61.1	20.6	524.8	260.0	1,300.5	64.85%	60.81%					
2015	446.0	18.0	61.1	20.6	561.1	260.0	1,366.8	68.15%	64.50%					
2016	476.0	18.0	61.1	20.6	597.4	260.0	1,433.1	71.46%	68.18%					
2017	506.0	18.0	61.1	20.6	633.7	260.0	1,499.3	74.76%	71.87%					
2018	536.0	18.0	61.1	20.6	670.0	260.0	1,565.6	78.07%	75.55%					
2019	566.0	18.0	61.1	20.6	706.2	260.0	1,631.9	81.37%	79.24%					
2020	596.0	18.0	61.1	20.6	742.5	260.0	1,698.2	84.68%	82.92%					
2021	626.0	18.0	61.1	20.6	778.8	260.0	1,764.5	87.98%	86.61%					
2022	666.0	18.0	61.1	20.6	827.2	260.0	1,852.8	92.39%	91.52%					
2023	706.0	18.0	61.1	20.6	875.6	260.0	1,941.2	96.80%	96.44%					
2024	735.0	18.0	61.1	20.6	910.7	260.0	2,005.4	100.00%	100.00%					

HAIG POINT UTILITY, INC.
Connection Fee Projections

Year	Number of Tap Fee Connections-Haig Point				Total Water Connections	Water CIAC Balance	Amort. Life	Accum. Amort.	Water Net CIAC Balance	Total Sewer Connections	Sewer CIAC Balance	Amort. Life	Accum. Amort.	Sewer Net CIAC Balance
	Resid	Comm	R. Ir.	C. Ir.										
1987	18	3	10	2	32	\$32,000	\$320	\$320	\$31,680	21	\$10,500	\$105	\$105	\$10,395
1988	31	5	20	1	58	\$58,000	\$900	\$1,220	\$56,780	36	\$18,000	\$285	\$390	\$17,610
1989	41	6	23	3	73	\$73,000	\$1,310	\$2,530	\$70,470	47	\$23,500	\$415	\$805	\$22,665
1990	50	7	30	4	91	\$91,000	\$1,640	\$4,170	\$86,830	57	\$28,500	\$520	\$1,325	\$27,175
1991	58	7	35	4	104	\$104,000	\$1,950	\$6,120	\$97,880	65	\$32,500	\$610	\$1,935	\$30,565
1992	67	8	44	5	124	\$124,000	\$2,280	\$8,400	\$115,600	75	\$37,500	\$700	\$2,635	\$34,865
1993	78	9	52	6	145	\$145,000	\$2,690	\$11,090	\$133,910	87	\$43,500	\$810	\$3,445	\$40,055
1994	87	10	61	7	165	\$165,000	\$3,100	\$14,190	\$150,810	97	\$48,500	\$920	\$4,365	\$44,135
1995	98	11	71	8	188	\$188,000	\$3,530	\$17,720	\$170,280	109	\$54,500	\$1,030	\$5,395	\$49,105
1996	107	12	74	9	202	\$202,000	\$3,900	\$21,620	\$180,380	119	\$59,500	\$1,140	\$6,535	\$52,965
1997	118	13	76	10	217	\$217,000	\$4,190	\$25,810	\$191,190	131	\$65,500	\$1,250	\$7,785	\$57,715
1998	128	14	79	10	231	\$231,000	\$4,480	\$30,290	\$200,710	142	\$71,000	\$1,365	\$9,150	\$61,850
1999	138	15	82	11	245	\$245,000	\$4,760	\$35,050	\$209,950	153	\$76,500	\$1,475	\$10,625	\$66,875
2000	147	16	85	11	259	\$259,000	\$5,040	\$40,090	\$218,910	163	\$81,500	\$1,580	\$12,205	\$69,295
2001	157	16	87	11	271	\$271,000	\$5,300	\$45,390	\$225,610	173	\$86,500	\$1,680	\$13,885	\$72,615
2002	166	17	89	11	283	\$283,000	\$5,540	\$50,930	\$232,070	183	\$91,500	\$1,780	\$15,665	\$75,835
2003	172	18	91	12	293	\$293,000	\$5,760	\$56,690	\$236,310	190	\$95,000	\$1,865	\$17,530	\$77,470
2004	197	25	107	24	353	\$353,000	\$6,460	\$63,150	\$289,850	222	\$111,000	\$2,060	\$19,590	\$91,410
2005	212	25	122	24	383	\$383,000	\$7,360	\$70,510	\$312,490	237	\$118,500	\$2,295	\$21,885	\$96,615
2006	227	25	136	24	412	\$412,000	\$7,950	\$78,460	\$333,540	252	\$126,000	\$2,445	\$24,330	\$101,670
2007	242	25	148	24	439	\$439,000	\$8,510	\$86,970	\$352,030	267	\$133,500	\$2,595	\$26,925	\$106,575
2008	262	25	160	24	471	\$471,000	\$9,100	\$96,070	\$374,930	287	\$143,500	\$2,770	\$29,695	\$113,805
2009	284	25	180	24	513	\$513,000	\$9,840	\$105,910	\$407,090	309	\$154,500	\$2,980	\$32,675	\$121,825
2010	306	25	201	24	556	\$556,000	\$10,690	\$116,600	\$439,400	331	\$165,500	\$3,200	\$35,875	\$129,625
2011	331	25	223	24	603	\$603,000	\$11,590	\$128,190	\$474,810	356	\$178,000	\$3,435	\$39,310	\$138,690
2012	356	25	245	24	650	\$650,000	\$12,530	\$140,720	\$509,280	381	\$190,500	\$3,685	\$42,995	\$147,505
2013	386	25	275	24	710	\$710,000	\$13,600	\$154,320	\$555,680	411	\$205,500	\$3,960	\$46,955	\$158,545
2014	416	25	303	24	768	\$768,000	\$14,780	\$169,100	\$598,900	441	\$220,500	\$4,260	\$51,215	\$169,285
2015	448	25	331	24	826	\$826,000	\$15,940	\$185,040	\$640,960	471	\$235,500	\$4,560	\$55,775	\$179,725
2016	478	25	360	24	905	\$905,000	\$17,310	\$202,350	\$702,650	501	\$250,500	\$4,860	\$60,635	\$189,865
2017	508	25	405	24	960	\$960,000	\$18,650	\$221,000	\$739,000	531	\$265,500	\$5,160	\$65,795	\$199,705
2018	536	25	429	24	1,014	\$1,014,000	\$19,740	\$240,740	\$773,260	561	\$280,500	\$5,460	\$71,255	\$209,245
2019	566	25	451	24	1,066	\$1,066,000	\$20,800	\$261,540	\$804,460	591	\$295,500	\$5,760	\$77,015	\$218,485
2020	596	25	475	24	1,120	\$1,120,000	\$21,860	\$283,400	\$836,600	621	\$310,500	\$6,060	\$83,075	\$227,425
2021	626	25	504	24	1,179	\$1,179,000	\$22,990	\$306,390	\$872,610	651	\$325,500	\$6,360	\$89,435	\$236,065
2022	666	25	527	24	1,242	\$1,242,000	\$24,210	\$330,600	\$911,400	691	\$345,500	\$6,710	\$96,145	\$249,355
2023	706	25	540	24	1,295	\$1,295,000	\$25,370	\$355,970	\$939,030	731	\$365,500	\$7,110	\$103,255	\$262,245
2024	735	25	551	24	1,335	\$1,335,000	\$26,300	\$382,270	\$952,730	760	\$380,000	\$7,455	\$110,710	\$269,290

HAIG POINT UTILITY, INC.

Rate Design

	Water			Sewer		
Existing Ratios:						
Base Charge Revenues		50.9%	231,860.25		85.3%	457,235.84
Usage Charge Revenues		49.1%	223,882.46		14.7%	78,693.18
Revenue Requirement			\$455,742.70			\$535,929.03
Designed Rates:	Present		Proposed	Present		Proposed
Base Charge Revenues	141,840.00	31.1%	141,840.00	141,840.00	85.3%	457,134.56
Usage Charge Revenues	136,959.61	68.9%	313,905.56	78,804.96	14.7%	78,804.96
Revenue Produced	\$278,799.61		\$455,745.56	\$220,644.96		\$535,939.52
Difference			\$2.85			\$10.49
Base Charge Revenues:	Residential	Gen Service	Total	Residential	Gen Service	Total
Connections at Completion	753	25	778	753	25	778
Quarterly Bills	3,012	100	3,112	3,012	100	3,112
Equivalent Factor (Existing)	1.0	1.4		1.0	1.4	
ERCs at Completion	3,012	140	3,152	3,012	140	3,152
Base Charge Per ERC			\$45.00			\$145.03
Quarterly Charge Per Bill	\$45.00	\$63.00		\$145.03	\$203.04	
Quarterly Charge - Present Rates	\$45.00	\$63.00		\$45.00	\$63.00	
	0.0%	0.0%		222.3%	222.3%	
Usage Charge Revenues:	Residential	Gen Service		Residential	Gen Service	
Avg Usage Per Bill (tg)	74.460	182.033		74.460	182.033	
Percentage 0-90 tg	61.0%	22.2%		61.0%	22.2%	
Percentage over 90 tg	39.0%	77.8%		39.0%	77.8%	
Total Usage at Completion	56,068.380	4,550.820	60,619.200	56,068.380	4,550.820	60,619.200
Usage over Minimum Allowance	n/a	n/a	n/a	n/a	n/a	n/a
Water Only Customer Demand (tg)			1,537.380			
Irrigation Demand (tg)			87,166.915			
	0-72 tg	52.4%	45,675.463			
	72-240 tg	28.6%	24,929.738			
	Over 240 tg	19.0%	16,561.714			
Factor	0-72 tg	100%	45,675.463			
	72-240 tg	110%	27,422.711			
	Over 240 tg	120%	19,874.057			
Factored Irrigation (tg)			92,972.232			
Total Factored Billed Usage (tg)			155,128.812			60,619.200
Charge Per 1,000 gal. (Domestic)		66.7%	\$2.00		35.4%	\$1.30
Charge Per 1,000 gal. (Irrigation)	0-72 tg	66.7%	\$2.00			
	72-240 tg	87.5%	\$2.25			
	Over 240 tg	112.1%	\$2.55			
Present Rates (Domestic)			\$1.20			\$0.96
Present Rates (Irrigation)			\$1.20			

HAIG POINT UTILITY, INC.
Billing Data
Twelve Months ended 6/30/04

Twelve Months ended 6/30/04					Base	Usage	Total
<u>Quarter Ended 6/30/04</u>					\$63.00	\$1.20	
		Avg Meters	Base Gals.	Over Base	\$63.00	\$0.98	
Commercial	Water	25.00	357,920	1,220,180	\$1,575.00	\$1,464.22	\$3,039.22
	Sewer	25.00	357,920	1,220,180	\$1,575.00	\$1,195.78	\$2,770.78
			22.68%	77.32%	\$3,150.00	\$2,659.99	\$5,809.99
					\$45.00	\$1.20	
		Avg Meters	Base Gals.	Over Base	\$45.00	\$0.98	
Residential	Water	197.00	2,441,439	2,449,786	\$8,865.00	\$2,939.74	\$11,804.74
	Sewer	197.00	2,441,439	2,449,786	\$8,865.00	\$2,400.79	\$11,265.79
			49.91%	50.09%	\$17,730.00	\$5,340.53	\$23,070.53
TPL Treatment Plant				395,700	\$475.20	\$475.20	
Commercial	Irrigation	24		6,353,600		\$7,624.32	
Residential	Irrigation	107		7,355,552		\$8,826.66	\$16,450.98
				20,574,177			\$45,806.71
<u>Quarter Ended 3/31/04</u>					\$63.00	\$1.20	
		Avg Meters	Base Gals.	Over Base	\$63.00	\$0.98	
Commercial	Water	24.00	286,625	1,129,140	\$1,512.00	\$1,354.97	\$2,866.97
	Sewer	24.00	286,625	1,129,140	\$1,512.00	\$1,106.56	\$2,618.56
			20.25%	79.75%	\$3,024.00	\$2,461.53	\$5,485.53
					\$45.00	\$1.20	
		Avg Meters	Base Gals.	Over Base	\$45.00	\$0.98	
Residential	Water	190.00	1,855,919	587,435	\$8,550.00	\$704.92	\$9,254.92
	Sewer	190.00	1,855,919	587,435	\$8,550.00	\$575.69	\$9,125.69
			75.96%	24.04%	\$17,100.00	\$1,280.61	\$18,380.61
TPL Treatment Plant				326,800	\$392.40	\$392.40	
Commercial	Irrigation	22		1,923,200		\$2,307.84	
Residential	Irrigation	99		1,946,960		\$2,336.35	\$4,644.19
				8,056,079			\$28,902.73
<u>Quarter Ended 12/31/03</u>					\$63.00	\$1.20	
		Avg Meters	Base Gals.	Over Base	\$63.00	\$0.98	
Commercial	Water	21.00	219,345	643,690	\$1,323.00	\$772.43	\$2,095.43
	Sewer	21.00	219,345	643,690	\$1,323.00	\$630.82	\$1,953.82
			25.42%	74.58%	\$2,646.00	\$1,403.24	\$4,049.24
					\$45.00	\$1.20	
		Avg Meters	Base Gals.	Over Base	\$45.00	\$0.98	
Residential	Water	182.00	1,812,277	695,910	\$8,190.00	\$835.09	\$9,025.09
	Sewer	182.00	1,812,277	695,910	\$8,190.00	\$681.99	\$8,871.99
			72.25%	27.75%	\$16,380.00	\$1,517.08	\$17,897.08
TPL Treatment Plant				371,800	\$446.40	\$446.40	
Commercial	Irrigation	23		6,168,300		\$7,401.96	
Residential	Irrigation	94		3,634,120		\$4,360.94	\$11,762.90
				13,545,442			\$34,155.63
<u>Quarter Ended 9/30/03</u>					\$63.00	\$1.20	
		Avg Meters	Base Gals.	Over Base	\$63.00	\$0.98	
Commercial	Water	18.00	198,620	739,730	\$1,134.00	\$887.68	\$2,021.68
	Sewer	18.00	198,620	739,730	\$1,134.00	\$724.94	\$1,858.94
			21.17%	78.83%	\$2,268.00	\$1,612.61	\$3,880.61
					\$45.00	\$1.20	
		Avg Meters	Base Gals.	Over Base	\$45.00	\$0.98	
Residential	Water	172.00	2,098,129	1,522,160	\$7,740.00	\$1,826.59	\$9,566.59
	Sewer	172.00	2,098,129	1,522,160	\$7,740.00	\$1,491.72	\$9,231.72
			57.95%	42.05%	\$15,480.00	\$3,318.31	\$18,798.31
TPL Treatment Plant				447,300	\$536.40	\$536.40	
Commercial	Irrigation	12		4,404,900		\$5,285.88	
Residential	Irrigation	91		7,295,931		\$8,755.12	\$14,041.00
				16,706,770			\$37,256.32

HAIG POINT UTILITY, INC.
Billing Data
Twelve Months ended 6/30/04

					Base	Usage	Total
<u>Year Ended 6/30/04</u>					\$63.00	\$1.20	
		Avg Meters	Base Gals.	Over Base	\$63.00	\$0.98	
Commercial	Water	22.00	1,062,510	3,732,740	\$5,544.00	\$4,479.29	\$10,023.29
	Sewer	22.00	1,062,510	3,732,740	\$5,544.00	\$3,658.09	\$9,202.09
			22.16%	77.84%	\$11,088.00	\$8,137.37	\$19,225.37
					\$45.00	\$1.20	
		Avg Meters	Base Gals.	Over Base	\$45.00	\$0.98	
Residential	Water	185.25	8,207,764	5,255,291	\$33,345.00	\$6,306.35	\$39,651.35
	Sewer	185.25	8,207,764	5,255,291	\$33,345.00	\$5,150.19	\$38,495.19
			60.97%	39.03%	\$66,690.00	\$11,456.53	\$78,146.53
TPL Treatment Plant						\$1,850.40	\$1,850.40
Commercial	Irrigation	20.25		18,850,000		\$22,620.00	
Residential	Irrigation	97.75	52.77%	20,232,563		\$24,279.08	\$46,899.08
					57,340,868		\$146,121.38

At Present Rates					Base	Usage	Total
<u>Annualized Billing</u>					\$252.00	\$1.20	
		Meters	Base Gals.	Over Base	\$252.00	\$0.98	
Commercial-Club	Water	25	1,008,350	3,542,470	\$6,300.00	\$4,250.96	\$10,550.96
	Sewer	25	1,008,350	3,542,470	\$6,300.00	\$3,471.62	\$9,771.62
			22.16%	77.84%	\$12,600.00	\$7,722.58	\$20,322.58
					\$180.00	\$1.20	
		Meters	Base Gals.	Over Base	\$180.00	\$0.98	
Residential-Haig Pt.	Water	735	33,365,037	21,363,063	\$132,300.00	\$25,635.68	\$157,935.68
	Sewer	735	33,365,037	21,363,063	\$132,300.00	\$20,935.80	\$153,235.80
			60.97%	39.03%	\$264,600.00	\$46,571.48	\$311,171.48
					\$3,240.00	\$627.81	\$3,867.81
Residential-Cedar Cove	Water	18	817,103	523,177	\$3,240.00	\$512.71	\$3,752.71
	Sewer	18	817,103	523,177	\$3,240.00	\$512.71	\$3,752.71
			60.97%	39.03%	\$6,480.00	\$1,140.53	\$7,620.53
						\$1,844.86	
TPL Treatment Plant		1		1,537,380		\$23,234.15	
Commercial	Irrigation	25		19,361,790		\$81,366.15	\$106,445.15
Residential	Irrigation	565		67,805,125			\$445,559.74
						Water	\$278,799.61
						Sewer	\$166,760.14

Haig Point Utility, Inc.
Complete System - Customer Projections

	<u>Units/Meters</u>	<u>Avg GPD</u>	<u>Avg Annual Demand</u>	<u>Total Demand (tg)</u>	<u>ERCs</u>
Residential-Haig Pt.	735	204.0	74,460.0	54,728.1	735.0
Residential-Cedar Cove	18	204.0	74,460.0	1,340.3	18.0
	<u>753</u>			<u>56,068.4</u>	<u>753.0</u>
Commercial-Club	25	498.7	182,032.8	4,550.8	61.1
	25			4,550.8	61.1
TPL Treatment Plant	1	4,212.0	1,537,380.0	1,537.4	20.6
Residential Irrigation	565	328.8	120,009.1	67,805.1	910.6
Commercial Irrigation	25	2,121.8	774,471.6	19,361.8	260.0
Total System		409,105.5		149,323.5	2,005.4

HAIG POINT UTILITY COMPANY
BILLING ANALYSIS - ALL IRRIGATION USAGE
YEAR ENDING JUNE 30, 2004

Work Paper 12
Page 1 of 3
IRRIGATION CUSTOMER

(A) GALLONS	(B) TOTAL BILLING BILLS (A x B)				(C) BILLING USAGE		(D) CUMULATIVE BILLS (SUM B)	(E) TOTAL BILLS	(F) EXCESS BILLS (E-D)	(G) EXCESS BILLS x USAGE (F x A)	(H) CUMULATIVE USAGE (SUM C)	(I) CONSOLIDATED FACTOR (G+H)	(J) PERCENT OF TOTAL
	QTR 1	QTR 2	QTR 3	QTR 4	QTR 1	QTR 2							
1	0	1	15	7	23	23	23	468	445	445	23	468	1.2%
2	0	2	0	0	4	8	27	468	441	882	31	913	2.3%
3	0	1	5	1	7	21	34	468	434	1302	52	1354	3.4%
4	1	1	4	0	6	24	40	468	428	1712	76	1788	4.6%
5	0	1	4	0	5	25	45	468	423	2115	101	2216	5.5%
6	0	3	4	1	8	48	53	468	415	2490	149	2639	6.7%
7	0	0	3	1	4	28	57	468	411	2877	177	3054	7.8%
8	1	2	5	0	8	64	65	468	403	3224	241	3465	8.8%
9	0	2	1	0	3	27	68	468	400	3600	268	3868	9.8%
10	0	1	4	0	5	50	73	468	395	3950	318	4268	10.9%
11	0	2	1	0	3	33	76	468	392	4312	351	4663	11.9%
12	0	3	1	1	5	60	81	468	387	4644	411	5055	12.9%
13	1	1	1	4	6	78	87	468	381	4953	489	5442	13.8%
14	1	1	1	1	4	56	91	468	377	5278	545	5823	14.8%
15	0	1	3	1	5	75	96	468	372	5590	620	6200	15.8%
16	0	0	3	1	4	64	100	468	368	5888	684	6572	16.7%
17	0	0	2	1	3	51	103	468	365	6205	735	6940	17.7%
18	2	0	3	0	5	90	108	468	360	6480	825	7305	18.6%
19	0	4	0	0	4	76	112	468	356	6764	901	7665	19.5%
20	2	1	1	1	4	80	116	468	352	7040	981	8021	20.4%
21	1	0	4	2	7	147	123	468	345	7245	1128	8373	21.3%
22	1	2	2	2	7	154	130	468	338	7435	1282	8718	22.2%
23	0	1	2	1	4	92	134	468	334	7682	1374	9056	23.0%
24	0	1	2	1	4	100	137	468	331	7944	1446	9390	23.9%
25	1	2	1	0	4	106	141	468	327	8175	1546	9721	24.7%
26	4	1	1	1	6	156	147	468	321	8346	1702	10048	25.6%
27	0	1	1	2	5	135	152	468	316	8532	1837	10368	26.4%
28	1	3	1	0	5	140	157	468	311	8708	1977	10685	27.2%
29	1	1	0	1	3	87	160	468	308	8932	2054	10995	28.0%
30	2	1	0	1	4	120	164	468	304	9120	2184	11304	28.8%
31	1	1	0	3	5	155	169	468	299	9269	2339	11608	29.5%
32	1	2	2	1	6	192	175	468	293	9376	2531	11907	30.3%
33	2	1	0	2	5	165	180	468	288	9504	2696	12200	31.0%
34	1	0	2	1	4	136	184	468	284	9656	2832	12488	31.8%
35	2	1	0	1	4	140	188	468	280	9800	2972	12772	32.5%
36	0	0	1	1	2	72	190	468	278	10008	3044	13052	33.2%
37	2	2	2	0	6	222	196	468	272	10064	3266	13330	33.9%
38	2	2	1	0	5	190	201	468	267	10146	3456	13602	34.6%
39	0	1	0	0	1	39	202	468	266	10374	3495	13869	35.3%
40	0	2	1	3	6	240	208	468	260	10400	3735	14135	36.0%
41	1	0	0	1	2	82	210	468	258	10578	3817	14395	36.6%
42	0	1	1	2	4	168	214	468	254	10668	3985	14653	37.3%
43	1	5	3	2	11	473	225	468	243	10449	4458	14907	37.9%
44	0	1	0	0	1	44	226	468	242	10648	4502	15150	38.5%
45	1	0	0	2	3	135	229	468	239	10755	4637	15392	39.2%
46	0	2	1	1	3	138	232	468	236	10856	4775	15631	39.8%
47	2	1	1	1	5	235	237	468	231	10857	5010	15867	40.4%
48	0	1	2	0	4	192	241	468	227	10896	5202	16098	40.9%
49	0	4	0	0	4	196	245	468	223	10927	5398	16325	41.5%
50	0	1	1	1	4	200	249	468	219	10950	5598	16548	42.1%
51	4	1	0	2	7	357	256	468	212	10812	5955	16787	42.6%
52	1	1	0	3	5	260	261	468	207	10764	6215	16979	43.2%
53	1	1	3	2	7	371	268	468	200	10600	6586	17186	43.7%
54	0	1	1	1	3	162	271	468	197	10638	6748	17386	44.2%

(A)	(B)				(C)	(D)	(E)	(F)	(G)	(H)	(I)	(J)	
GALLONS	TOTAL BILLS				BILLING USAGE (A x B)	CUMULATIVE BILLS (SUM B)	TOTAL BILLS	EXCESS BILLS (E-D)	EXCESS x USAGE (F x A)	CUMULATIVE USAGE (SUM C)	CONSOLIDATED FACTOR (G + H)	PERCENT OF TOTAL	
55	QTR.1	QTR.2	QTR.3	QTR.4	2	110	273	468	195	10725	6858	17583	44.7%
56	1	1	0	1	3	168	276	468	192	10752	7026	17778	45.2%
58	0	1	0	1	1	58	277	468	191	11078	7084	18162	46.2%
59	0	1	0	0	2	118	279	468	189	11151	7202	18353	46.7%
60	1	1	1	0	3	180	282	468	186	11160	7382	18542	47.2%
61	0	0	0	1	1	61	283	468	185	11285	7443	18728	47.6%
63	2	3	1	1	6	378	289	468	179	11277	7821	19098	48.6%
64	3	3	1	1	0	5	320	468	174	11135	8141	19277	49.0%
65	2	2	0	0	2	130	296	468	172	11180	8271	19451	49.5%
66	1	2	0	0	3	366	302	468	166	10956	8667	19623	49.9%
67	1	1	0	0	1	2	304	468	164	10988	8801	19789	50.3%
68	0	1	0	0	3	4	308	468	160	10880	9073	19953	50.8%
70	0	2	0	0	2	140	310	468	158	11050	9213	20273	51.6%
71	1	2	0	1	4	284	314	468	154	10934	9497	20431	52.0%
72	2	0	1	4	7	504	321	468	147	10584	9947	20585	52.4%
73	0	1	0	0	2	6	328	468	146	10658	10074	20732	52.7%
75	0	2	2	2	6	450	332	468	140	10500	10524	21024	53.5%
76	1	0	0	1	3	228	331	468	137	10412	10752	21164	53.8%
77	2	0	0	1	1	3	334	468	134	10318	10983	21301	54.2%
78	0	0	0	1	1	78	335	468	133	10374	11061	21435	54.5%
79	0	1	0	1	2	79	336	468	132	10428	11140	21568	54.9%
80	0	1	0	1	2	3	339	468	129	10320	11380	21700	55.2%
81	0	2	2	0	4	324	343	468	125	10125	11704	21954	55.5%
82	1	0	0	0	1	82	344	468	124	10168	11954	22202	56.5%
84	1	0	0	0	2	168	346	468	122	10248	12124	22324	56.8%
85	1	0	0	1	2	170	348	468	120	10200	12382	22444	57.1%
86	1	0	0	0	2	3	351	468	117	10062	12730	22561	57.4%
87	1	1	0	0	2	4	355	468	113	9831	12906	22674	57.7%
88	0	1	0	1	2	176	357	468	111	9768	13068	23007	58.5%
91	1	1	0	1	3	276	359	468	109	9919	13364	23116	58.8%
92	1	1	0	1	3	93	362	468	108	9752	13547	23222	59.1%
93	0	1	0	1	1	94	363	468	105	9765	13551	23327	59.3%
94	0	1	0	0	1	94	364	468	104	9776	13551	23327	59.3%
95	2	0	1	0	3	285	367	468	101	9595	13836	23431	59.6%
96	1	1	0	0	2	192	369	468	99	9504	14028	23532	59.9%
98	0	2	1	0	5	490	374	468	94	9212	14518	23730	60.4%
99	0	1	0	0	1	99	375	468	93	9207	14617	23824	60.6%
100	1	0	0	0	1	100	376	468	92	9200	14717	23917	60.8%
102	0	0	0	0	1	102	377	468	91	9282	14819	24101	61.3%
104	0	0	0	0	1	104	378	468	90	9360	14923	24283	61.8%
105	0	0	0	1	1	105	379	468	89	9345	15028	24373	62.0%
108	1	0	0	0	1	108	380	468	88	9504	15136	24640	62.7%
110	1	0	0	0	1	110	381	468	87	9570	15245	24816	63.1%
111	0	1	0	0	1	111	381	468	86	9546	15357	24903	63.3%
112	1	0	0	1	2	224	382	468	86	9408	15581	24989	63.6%
114	0	0	0	1	0	114	384	468	83	9462	15695	25157	64.0%
115	0	0	0	1	1	115	385	468	83	9430	15810	25240	64.2%
116	0	0	0	0	1	116	386	468	82	9430	15925	25322	64.4%
117	0	0	0	0	1	116	387	468	81	9396	16043	25403	64.6%
119	0	0	1	0	1	119	388	468	80	9401	16162	25563	65.0%
120	1	0	0	0	2	240	389	468	79	9240	16402	25642	65.2%
123	1	0	0	0	1	123	392	468	77	9348	16525	25873	65.4%
125	1	0	0	0	1	125	393	468	76	9450	16651	25963	65.8%
127	0	0	0	1	2	381	395	468	75	9450	16851	26101	66.4%
128	0	0	0	0	1	128	397	468	74	9144	17032	26176	66.6%
132	1	0	0	0	1	132	398	468	72	9088	17160	26248	66.8%
135	1	0	0	0	1	135	399	468	71	9240	17292	26532	67.5%
136	0	0	0	0	1	136	400	468	70	9315	17427	26742	68.0%
138	0	0	0	1	1	138	401	468	69	9248	17563	26811	68.2%
141	0	0	0	0	1	141	402	468	68	9246	17701	26947	68.5%
143	0	0	0	1	1	141	402	468	66	9306	17842	27148	69.1%

(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)	(J)
GALLONS	QTR 1	QTR 2	QTR 3	QTR 4	TOTAL	EXCESS	CUMULATIVE	CONSOLIDATED	PERCENT
					BILLS	BILLS	USAGE	FACTOR	OF
					(SUM B)	(E-D)	(F x A)	(G+H)	TOTAL
142	1	0	0	0	403	65	9230	17894	68.2%
143	1	0	0	0	404	64	9152	17829	69.4%
145	1	0	0	0	405	63	9135	18272	69.7%
150	1	0	0	0	406	62	9300	18422	70.5%
153	1	0	0	0	407	61	9333	18575	71.0%
154	0	0	0	0	408	60	9240	18729	71.1%
155	0	0	0	0	409	58	8990	19039	71.3%
157	0	0	0	0	410	57	8949	19196	71.6%
158	0	0	0	0	411	56	8848	19354	71.7%
161	1	0	0	0	412	55	8853	19637	72.2%
164	1	0	0	0	415	53	8533	20001	72.6%
167	1	0	0	0	416	52	8517	20168	73.0%
169	0	0	0	0	417	51	8450	20337	73.2%
171	0	0	0	0	418	50	8379	20508	73.5%
173	0	0	0	0	421	49	8131	20854	73.7%
174	1	0	0	0	422	46	8004	21028	73.8%
175	1	0	0	0	423	45	7875	21203	74.0%
179	0	0	0	0	424	44	7876	21362	74.4%
179	1	0	0	0	425	43	7912	21566	75.0%
184	1	0	0	0	426	42	7770	21751	75.1%
185	1	0	0	0	428	39	7254	22309	75.2%
186	1	0	0	0	429	38	7144	22497	75.4%
188	1	0	0	0	430	38	6804	22875	75.5%
189	0	0	0	0	432	36	6804	22875	75.5%
207	0	0	0	0	433	35	7245	23062	77.1%
209	0	0	0	0	434	34	7106	23291	77.3%
212	1	0	0	0	435	33	6996	23503	77.6%
214	1	0	0	0	436	32	6848	23717	77.7%
215	1	0	0	0	437	31	6665	23932	77.8%
235	1	0	0	0	438	30	7050	24167	79.4%
240	1	0	0	0	439	29	6960	24407	79.8%
256	0	0	0	0	440	28	7188	24607	79.9%
257	0	0	0	0	441	27	6939	24820	81.0%
261	1	0	0	0	442	26	7176	25198	82.3%
261	0	0	0	0	443	25	7025	25477	82.7%
281	0	0	0	0	444	24	6912	25765	83.1%
288	0	1	0	0	445	23	7820	26105	86.3%
340	0	1	0	0	446	22	7788	26459	87.1%
354	0	1	0	0	447	21	7518	26817	87.3%
359	1	0	0	0	448	20	7340	27184	87.8%
367	1	0	0	0	449	19	7030	27554	88.0%
370	0	0	0	0	450	18	6840	27934	88.4%
389	1	0	0	0	451	17	6613	28323	88.9%
419	0	0	0	0	452	16	6704	28742	90.2%
444	0	1	0	0	453	15	6660	29186	91.2%
445	0	1	0	0	454	14	6230	29631	91.2%
468	0	1	0	0	455	13	6084	30099	92.0%
472	1	0	0	0	456	12	5664	30571	92.0%
508	1	0	0	0	457	11	5588	31079	93.3%
524	0	0	0	0	458	10	5240	31603	93.7%
545	0	1	0	0	459	9	4905	32148	94.2%
557	0	1	0	0	460	8	4456	32705	94.5%
562	0	1	0	0	461	7	3934	33267	94.6%
576	0	1	0	0	462	6	3456	33843	94.9%
687	0	0	0	0	463	5	3435	34530	96.6%
753	0	0	0	0	464	4	3012	35283	97.4%
777	1	0	0	0	465	3	2331	36060	97.6%
823	0	1	0	0	466	2	1646	36883	98.0%
1058	0	0	0	0	467	1	1058	37941	99.2%
1378	1	0	0	0	468	0	0	39319	100.0%
	102	116	120	130	468	39319			

Haig Point Utility, Inc.

Statement of Proposed Rates

		Present Rates	Proposed Rates
I.	<u>Residential Rates</u>		
A.	<u>Water:</u>		
1)	Tapping Fees & 3/4" Meter Box	\$500.00	\$500.00
2)	Base Quarterly Charge	\$45.00	\$45.00
3)	Consumption Charge (per 1,000 gallons)	\$0.00	\$2.00
	0 to 22,500 gallons per quarter		
	Over 22,500 gallons	\$1.20	\$2.00
B.	<u>Sewer:</u>		
1)	Tapping Fees & Service Lateral	\$500.00	\$500.00
2)	Base Quarterly Charge	\$45.00	\$145.03
3)	Volumetric Charge (per 1,000 gallons)	\$0.00	\$1.30
	0 to 22,500 gallons per quarter		
	Over 22,500 gallons	\$0.96	\$1.30
C.	<u>Irrigation:</u>		
1)	Tapping Fees & 3/4" Meter Box	\$500.00	\$500.00
2)	Consumption Charge (per 1,000 gallons)	\$1.20	\$2.00
	0 to 18,000 gallons per quarter		
	18,001 to 60,000 gallons	\$1.20	\$2.25
	Over 60,000 gallons	\$1.20	\$2.55
II.	<u>Commercial Rates</u>		
A.	<u>Water:</u>		
1)	Tapping Fees per Hotel or Inn Room	\$250.00	\$250.00
2)	Tapping Fees up to 1-1/2" Meter	\$500.00	\$500.00
3)	Tapping Fees 2" or 3" Meter	\$1,500.00	\$1,500.00
4)	Tapping Fees for 6" Meter	\$3,500.00	\$3,500.00
	Note: Larger meters on a case by case basis.		
5)	Base Quarterly Charge	\$63.00	\$63.00
6)	Consumption Charge (per 1,000 gallons)	\$0.00	\$2.00
	0 to 22,500 gallons per quarter		
	Over 22,500 gallons	\$1.20	\$2.00
B.	<u>Sewer:</u>		
1)	Tapping Fees per Hotel or Inn Room	\$250.00	\$250.00
2)	Tapping Fees 4" - 8" Sewer Pipe	\$500.00	\$500.00
2)	Base Quarterly Charge	\$63.00	\$203.04
3)	Volumetric Charge (per 1,000 gallons)	\$0.00	\$1.30
	0 to 22,500 gallons per quarter		
	Over 22,500 gallons	\$0.96	\$1.30
C.	<u>Irrigation:</u>		
1)	Tapping Fees & 3/4" Meter Box	\$500.00	\$500.00
2)	Consumption Charge (per 1,000 gallons)	\$1.20	\$2.00
	0 to 18,000 gallons per quarter		
	18,001 to 60,000 gallons	\$1.20	\$2.25
	Over 60,000 gallons	\$1.20	\$2.55
III.	<u>Special Conditions</u>		
A.	<u>Tapping Fees:</u>		
	Remain as in original tariff.		
B.	<u>Backflow Prevention:</u>		
	Remain as in original tariff.		
C.	<u>System Development Charge:</u>		
	Remain as in original tariff.		

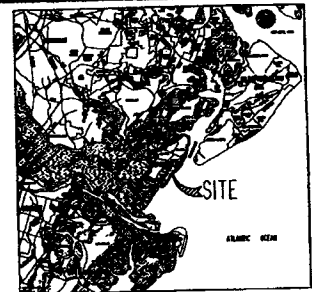
HAIG POINT/MELROSE MASTER WASTEWATER PLAN

DESIGNED FOR
INTERNATIONAL PAPER

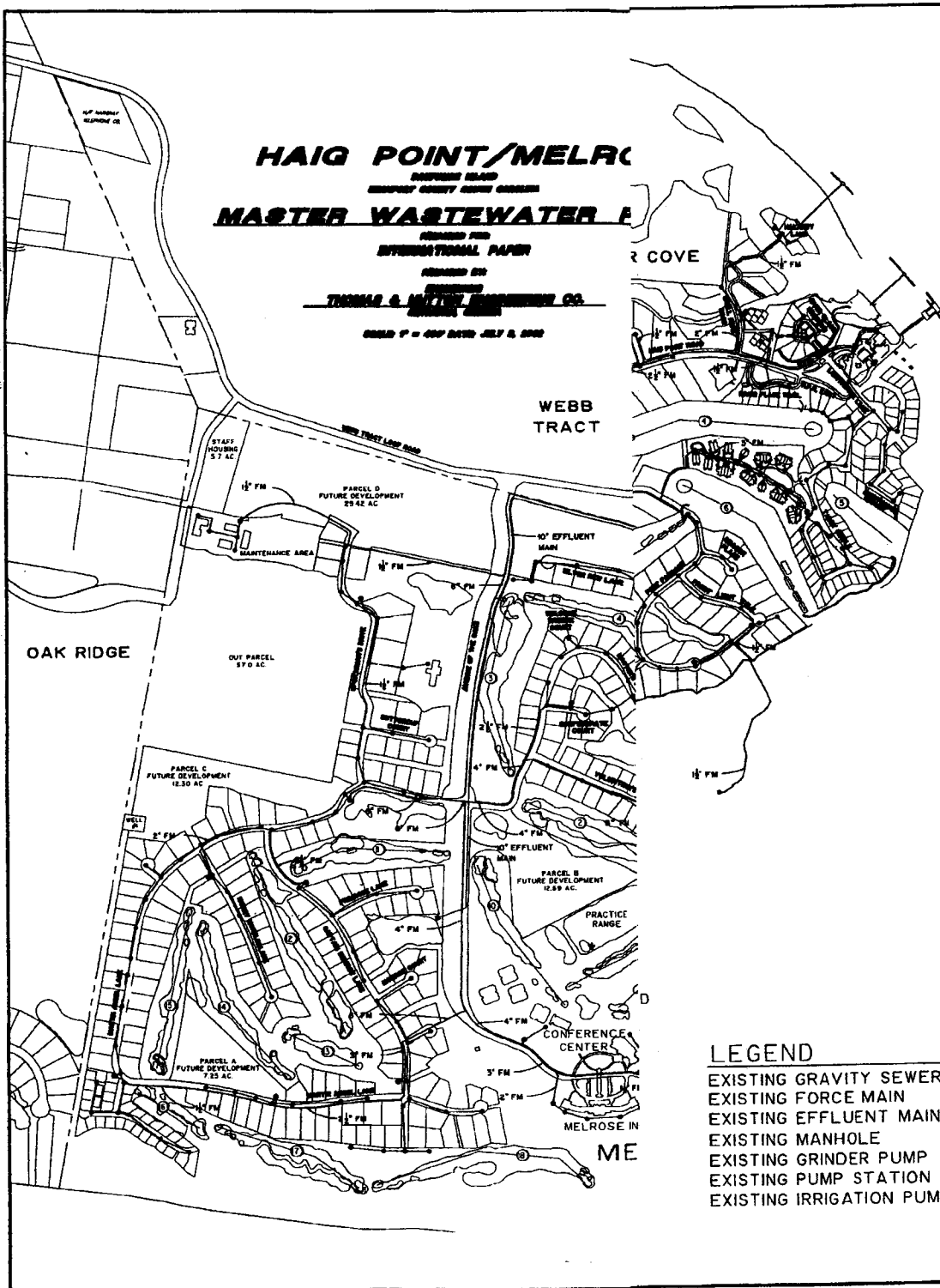
DESIGNED BY

THOMAS & MATTEN ENGINEERING CO.
BIRMINGHAM, ALA.

ORDER # 1-007 DATE: JULY 8, 1982



LOCATION MAP
NOT TO SCALE



LEGEND

- EXISTING GRAVITY SEWER
- EXISTING FORCE MAIN
- EXISTING EFFLUENT MAIN
- EXISTING MANHOLE
- EXISTING GRINDER PUMP
- EXISTING PUMP STATION
- EXISTING IRRIGATION PUMP STATION

WEBB
TRACT

HAIG POINT/MELROSE
DAVISON ISLAND
BRISTOL COUNTY SOUTH CAROLINA
MASTER WATER PLAN

FORWARDED FOR
INTERNATIONAL PAPER

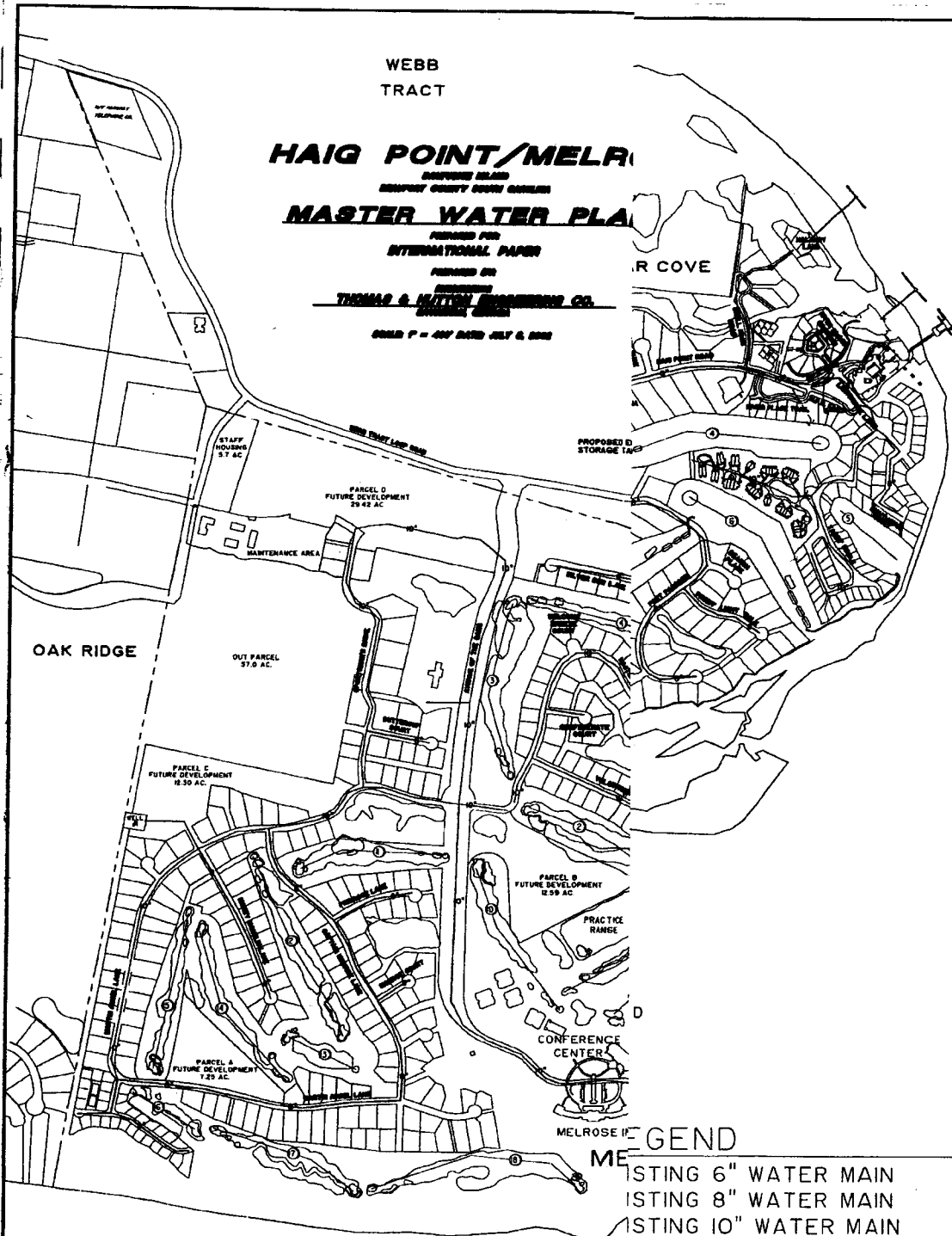
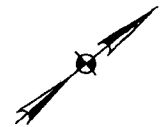
FORWARDED BY

THOMAS & HUTTON ENGINEERING CO.
GREENVILLE, S.C.

ORDER # - 407 DATED JULY 6, 1982



LOCATION MAP
NOT TO SCALE



LEGEND

- EXISTING 6" WATER MAIN
- EXISTING 8" WATER MAIN
- EXISTING 10" WATER MAIN

**BEFORE THE PUBLIC SERVICE COMMISSION
OF SOUTH CAROLINA**

IN RE: PETITION OF HAIG POINT
UTILITY COMPANY, INC. FOR
EXPANSION OF SERVICE AREA
AND APPROVAL OF CONTRACT

CERTIFICATE OF SERVICE

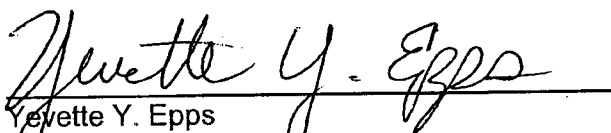
I, Yevette Y. Epps, an employee of Pratt-Thomas, Epting & Walker, hereby
certify that I have placed this February 23, 2005, a copy of the **Application of Haig
Point Utility Company, Inc.** to counsel of record by placing the same in the United
States mail, first-class postage pre-paid, to:

Office of Regulatory Staff (5 copies)
P. O. Box 11263
Columbia, SC 29211

Florence P. Belser, Esq.
Office of Regulatory Staff
P. O. Box 11263
Columbia, SC 29211

F. David Butler, Esq.
General Counsel
Public Service Commission of South Carolina
P. O. Drawer 11649
Columbia, SC 29211

Thomas F. Connor, Controller
International Paper Realty Corporation
3 Paragon Drive
Montvale, NJ 07645


Yevette Y. Epps
Secretary to G. Trenholm Walker